

CITY OF MANCHESTER NEW HAMPSHIRE



COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2000

**Comprehensive Annual Financial Report
Of the City of Manchester, New Hampshire**

For the Fiscal Year Ended
June 30, 2000

Prepared by
City of Manchester, NH Finance Department
One City Hall Plaza
Manchester, NH 03101

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Comprehensive Annual Financial Report
Year Ended June 30, 2000

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INTRODUCTORY SECTION



**City of Manchester
Department of Finance**

One City Hall Plaza
Manchester, NH 03101
(603) 624-6460
Fax: (603) 624-6549

Honorable Board of Mayor and Aldermen
City of Manchester, New Hampshire

Fiscal Year 2000 ("FY 2000") was the third year dominated by education issues as the City of Manchester (the "City") and Manchester School District (the "District") continued transition toward the establishment of the District as a distinct component, as required by a Superior Court ruling in May 1999. By year-end the District had assumed all administrative processing responsibilities (i.e., payroll, insurance, banking). During FY 2001 the City's only administrative responsibilities will be to transfer taxes collected to the District bank account on a timely basis; to issue bonds and coordinate debt service payments; and to bill for direct services provided to the District by City departments.

FY 2000 ended with a number of questions outstanding between the District and the City. In this regard, the parties are in the process of formulating respective positions for further clarification through a second Request for Declaratory Judgement. Issues such as ownership of fixed assets, allocation of reserves, and the Revenue Stabilization Fund are being challenged by the District.

The District overspent its appropriation by \$3,985,117 in FY 2000 resulting in a District deficit of \$2,581,157. Corrective action to cover the District's deficit, through allocations of the City's and the District's FY 2001 and FY 2002 fund balances is being recommended by the Mayor as part of his FY 2002 budget. A preliminary hearing on this matter is scheduled for June 6, 2001 with October 3rd and 4th reserved for final court presentations.

The FY 2001 Budget was adopted on June 5, 2000. The Budget increases District spending by \$5.2 Million (5.1%) and municipal spending by \$5.9 million (6.9%). While appropriations levels increases overall by 5.9%, the City's tax rate increased by 19 cents (.6%). For the first time, the District and municipal appropriations were adopted as distinct separate resolutions through separate votes by the legislative body, the Board of Mayor and Aldermen.

The national and New Hampshire economies are softening with the threat of a more significant downturn. The City of Manchester's property revaluation will unlikely produce final valuations until the Fall of 2001. Federal Census information about the City's population and demographics will unlikely be available before the conclusion of the budget process. School funding and related tax policy uncertainty at the state level may not be resolved before the City has to adopt a budget in early June and will, undoubtedly, also have an impact on local revenues. Property valuation, population and

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demographic information, and state and local tax policy are the three most important factors in developing long-term financial plans for cities and towns. During FY 2002 all three of these critically important factors are uncertain, especially against the backdrop of an economic correction. In light of these uncertainties, cautious spending, borrowing, and investing are strongly advised throughout FY 2002. A conservative business approach is similarly being advocated generally by local economists to the state and private businesses. My strong recommendation is for the City to:

- ❖ Budget for FY 2002 with a level non-property tax revenue growth projection. At best, the City should expect core General Fund revenues (i.e., not including health insurance audit revenue) to remain flat to slightly lower (1%) than the previous year. The City should also expect tax collection rates to dip slightly as a result of a softening economy, thereby placing a strain on the City's Fund Balance.
- ❖ Carefully and accurately reserve for Overlay (i.e., for prepaid tax abatements) in FY 2002 - 2005 as part of the budget process to prevent tax rate shock as a result of revaluation in a weakening economy.

These specific recommendations have been reviewed by a group of local and regional economists as well as the City's Bond Counsel and Financial Advisor to ensure reasonableness and prudence. It is the consensus opinion that both the New Hampshire and Manchester economies are well positioned when the national economy turns around, and, therefore, one year of fiscal discipline in FY 2002 will allow the City to grow in subsequent years.

The City's economy continues to outperform the region and City General Fund Revenue collections for the FY 2001 Budget are in excess of projections. However, in anticipation of a continued economic slowdown the Mayor's FY 2002 Budget is relying on no growth in General Fund revenues and a conservative approach to bond authorizations.

MANAGEMENT INITIATIVES

Human Resources

Labor Relations - The City coordinated the collective bargaining process for all labor groups, involving 12 labor contracts. The goals were to implement the new Classification, Compensation, and Benefits programs uniformly across all bargaining unions. New three-year contracts for City unions and two-year contracts for School unions were ratified; they will expire June 30, 2002 and June 30, 2001 respectively.

Leadership Training - In partnership with the University of New Hampshire/Manchester (UNH/M) the City has enrolled forty City supervisors and mid-level managers in a Supervisory Management Certification Program. Classes on

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Effective Writing, Employee Retention, Financial Skills, Business Writing, Team Leadership, Problem Solving, Dealing with Performance Problems, Foundations of Supervision, Negotiations, and Mastering Multiple Projects are covered in this program scheduled for completion in December 2000. Due to its success, an additional forty students will enroll in September 2000 and will complete the program in May 2001.

Total Quality Management ("TQM")/Continuous Improvement - In November 1999 the City initiated the planning and implementation of a Continuous Improvement Program throughout the City. With training and facilitation from UNH/M and input from employees the City has started the TQM process. The following is an overview of the progress:

- ❖ **Quality Council ("QC")** - Elections were held among non-affiliated and affiliated employees to choose their Council representatives. The QC has been meeting twice monthly and has established two working groups. All City employees were surveyed to identify their concerns. Benchmarks and measurement criteria are being developed to track progress and return on investment and the QC is working on coordinating the development of Steering Teams within each department.
- ❖ **Internal Communications Committee** - Employees cited communications issues as their number one concern. The QC established this committee to address this issue. Seventeen departments are represented by this committee.
- ❖ **External Team Consultants** - Nineteen employees received intensive facilitator training from UNH/M; they will work with the QC and departments to help develop steering teams and facilitate team issues as needed.

ECONOMIC DEVELOPMENT

In addition to the management initiatives highlighted, several economic development projects authorized by the Board of Mayor and Aldermen made substantial progress and other projects were initiated.

Manchester Airpark - This project continues to attract new companies that create jobs and improve the tax base of the City. Through June 30, 2000 there have been eighteen lots sold and initial offers or options have been placed on three additional lots. New construction either completed or in progress amounts to 411,011 square feet. Total employment is approximately 230 jobs. All of this activity has taken place since November 1995 when the marketing phase of the project actually began.

Revolving Loan Fund ("RLF") - In 1996 the BMA appointed five to eight private sector individuals to serve on the loan review committee for this program, which is operated by the Manchester Economic Development Office. As of June 30, 2000 seven

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loans totaling \$336,000 had been made through the RLF. The businesses assisted include four

restaurants, an auto body repair franchise, a manufacturer of mixing systems, and an environmental audit service. Four of these borrowers are located in the center City. Four of the loans, totaling \$195,000 plus interest, have already been repaid in full, and these funds are available for future lending activities.

Business Expansions - The Manchester economy continues robust as evidences by new construction undertaken in FY 2000 by businesses of all types. A number of projects proposed in the prior year were completed, including new construction by Portland Welding and Cotter & Company near the Manchester Airport, and by Lymo, Advanced Forms, and Freed's Bakery in the East Industrial Zone. New construction projects include Hitachi Cable and Classic Landscaping. Other existing firms undertaking minor additions to existing facilities include Velcro USA and Sam's Club. Other non-commercial construction completed was 100+ units of elderly independent and assisted living and an addition to the private Derryfield School.

University of New Hampshire - In March 1999 a complex transaction between the City and the University of New Hampshire was completed. The City acquired approximately 822 acres of land in the northwest corner of the City from the University and the University acquired a 72,000 square foot building in the historic Amoskeag Millyard from a partnership owned in part by the City's not-for-profit development entity, Manchester Development Corporation. The City plans to develop a high quality corporate business park on a portion of the property, and approximately 380 acres, under an agreement with the U.S. Environmental Protection Agency and the NH Department of Environmental Services, will be conveyed to the NH Nature Conservancy for a natural preserve where no development will occur. The City engaged the services of a consultant to develop a master plan for the corporate business park development, which will consist of approximately 150 acres. The master plan has been completed and will be presented to the BMA for their adoption in the Spring of 2001. The University will occupy the newly acquired facility and consolidate its operations into the single building for the academic year beginning in September 2000. As part of the transaction, the City acquired the facility being vacated by the University on October 20, 2000. The City can sell, lease, or use the facility as conditions dictate.

Downtown Development - The City's Community Improvement Program budget allocated \$110,000 in FY 2000 to Intown Manchester Management, Inc. for the continuance of a façade and building improvement program. This program supported, by below-market loans by local banks, allows for matches up to \$5,000 per building or \$3,500 for each retail façade or space. Up to \$20,000 of the total allocated amount may be spent for direct technical assistance to grantees for items including engineering, architecture, landscape architecture, environmental or structural engineering, and/or design. Of the FY 2000 allocation, commitments of \$102,709 have been made; grant amounts totaling \$76,631 have been awarded to 22 projects, generating a total of

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\$823,553 in business investment to date. Jobs created include 50 full time and 61 part time with an additional 79 full time and 31 part time jobs retained to date. An audit of the program is expected to be completed by Spring 2001.

Civic Center - In November 1998 the question of whether to build a Civic Center in Manchester was approved by public referendum by a margin of 53% to 47%. Subsequently, the BMA authorized the project conditional upon the parameters specified in the referendum question. Among the requirements are that the project contain a minimum of 20% private funds, the public portion must not exceed \$50,000,000 and the bonds are to be fully insured, the taxpayers of the City will not be exposed to any operating deficit that might result from building operations, and that an anchor tenant, in the form of a professional minor league hockey team, be signed to a long-term lease. All of the conditions were met and the closing on the private financing, provided by a consortium of local banks, and the public financing took place in March 2000. Gilbane Building Company is the construction manager for the project under a \$44,000,000 guaranteed maximum price agreement. The total project cost is approximately \$67,000,000.

A fifteen-year lease with the Los Angeles Kings' American Hockey League franchise has been executed and the management/concession contract, originally signed with Ogden Entertainment, has been assigned to Aramark Corporation, whose subsidiary, SMG Corporation will manage the facility and provide concession service. Ground was broken in mid-April 2000 for the 10,000-seat facility and substantial completion is scheduled for November 15, 2001.

The private financing for the project was based on sales of luxury suites, club seats, a pouring rights agreement with Pepsi Bottling Group, and a naming rights agreement, which is currently under negotiation.

Business Development - The Amoskeag Small Business Incubator, a joint venture between the City and New Hampshire College begun in 1997, now has nineteen business tenants, an occupancy rate of nearly 100%. A local bank recently announced it has established an Amoskeag Incubator Loan Fund, which will provide business loans of \$25,000 to \$250,000 to creditworthy incubator tenants. This program will provide a low cost, flexible alternative to commercial loan products generally available.

Surplus/Tax-Deeded City Property - A former school administration building remains under agreement to the Sargent Museum while the City and State work to resolve issues discovered in an environmental assessment. Also, the rehabilitation of a fire-damaged downtown retail/office building known as the Chase Block using federal and local funds, was begun in January 2000. A regional ethnic restaurant has signed a lease for the entire first floor, and negotiations are underway with several office users for the upper stories. This building rehabilitation will create new employment and economic activity in the central business district.

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Public Service of New Hampshire Corporate Headquarters - The transformation of the Amoskeag Millyard took another step when PSNH announced it will redevelop its 90-year old former steam power plant into state of the art office space for up to 200 employees. The target date for completion of the \$12 million project, which will be a showcase for "green" building design and environmentally sustainable architecture, is January 2002.

Riverwalk - A group of private citizens, with financial support from the City and private sources, has embarked on a multi-phase plan to construct a lighted Riverwalk along the Merrimack River in the City's downtown. Phase I of the project was completed in June 2000. The estimated cost for completion of all phases of the project is between \$10,000,000 and \$14,000,000, depending on the intensity of development selected. The City has already committed \$2,800,000 for the project and efforts are underway to seek additional funding from various federal and private sources.

IMPROVEMENTS TO BASIC SERVICES

Office of the City Clerk

As the keeper and preserver of official documents of the public for the City, Chief Election Officer, and City Officer, the City Clerk's mission is historical preservation and providing an official legal depository for all City and public vital records; preservation and conduction of elections with integrity; and serving the public, professional sector, and legislative body through licensing, administrative, and general support service.

Archives/Records Center - The position of Archivist/Records Manager is funded by CIP funds through June 2001. Work is continuing to progress on the Mayoral records, which now include those of Mayor Raymond Wieczorek to 1999. Election records from 1846 to the present have been surveyed and described. A finding aid has been prepared and will be seen on the City's website. The Office of the City Clerk will have a complete description of the holdings in the archives on the department's web page, which is being prepared by the Archivist. The records of the Poor Farm and the Commissioner of Charities are also being arranged. Other tasks will be the organization of the Board of Mayor and Aldermen Committee minutes from the 1950's to the present and the preservation of 19th Century Police records and bound archival volumes. The Archivist is available for consultation with other departments on how best to preserve and organize their records.

FY 2000 Accomplishments

- ❖ Conducted three elections and administered 13,000 plus voter changes;
- ❖ Completed update of Traffic regulations database;

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- ❖ Maintained acceptable service levels to public, businesses, other departments, and Aldermen through municipal and presidential elections and transition of new Mayoral and Board administration;
- ❖ Assisted in planning and administration of municipal inauguration ceremonies;
- ❖ Worked with State and City Clerk's Association to ensure Manchester's participation in the UCC centralized filing system to be implemented by the Secretary of State in 2001;
- ❖ Worked with Information Systems, the NH City and Town Clerk's Association, the State Legislature, and the Bureau of Vital Records on Manchester's conversion to VRV2000, an on-line vital records program being implemented by the State Bureau of Vital Records;
- ❖ Administered security contract and facility oversight of the City Hall Complex.

FY 2001 Goals

- ❖ Continue transition to VRV2000 vital records on-line program;
- ❖ Assist with administrative process for redistricting of City wards;
- ❖ Initiate and administer the 10-year cycle of purging the checklist pursuant to State statutes;
- ❖ Initiate and begin implementation of a public relation and sales effort utilizing new technologies, particularly in UCC area anticipating on-line services by year-end;
- ❖ Initiate finalization of Traffic ordinance re-write;
- ❖ Expanded archival records on our website through the Library's web page at *lcweb.loc.gov/coll/numc*, using the search term "*manchester, new hampshire*";
- ❖ Implement reorganization efforts within the department to administer services more efficiently.

Information Systems

In FY 2000 the following major accomplishments took place:

- ❖ Our Y2K plan went very smoothly thanks to the work of all departments;
- ❖ The AS/400 was upgraded resulting in more timely processing;
- ❖ A new Tax Billing and Collections system was installed;

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- ❖ A new Utility Billing and Collections system was installed for Water and EPD;
- ❖ A new Real Estate Assessment system was installed;
- ❖ A new Code Enforcement system was installed;
- ❖ A Building Inspection system was installed; and
- ❖ Enterprise-side Internet access was installed.

Fire Department

The Fire Department saw the completion of the renovations to the Somerville Street Fire Station. This upgrade has provided the department and the residents of the area with a top-notch facility that should last well into the new century. Efforts are also continuing in land acquisition for the new Cohas Brook Fire Station which is intended to enhance fire and emergency medical protection to the rapidly expanding southeast section of the City.

The department also received approval for and ordered a new aerial platform truck to replace the aging downtown truck. This unit should be delivered in 2001 and provide a valuable new firefighting tool for the downtown area.

A risk management assessment was conducted during the year and the department is currently working on implementation of the recommendations. In addition, with the cooperation of the Manchester Professional Firefighter's Association, a wellness program for firefighters was introduced and adopted. Firefighters need to remain in top physical condition, as their job is one of the most physically demanding and grueling jobs in the world. It has been shown that by fostering participation in recognized wellness programs, injuries inherent in the profession are minimized, saving municipalities thousands of dollars.

Work continues on final implementation of the 800 Mhz radio system and also the final details of the Fire Information Management System.

Elderly Services Department

The Elderly Services Department continues to address the needs of Manchester's senior citizens through direct service and coordination. By offering direct multi-service programs and coordinating with community agencies, the department is able to offer vital services as well as plan for future needs.

This year the department has been involved in the planning stages of the development of a proposed new senior center facility. Manchester is faced with an increasing elderly

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population and is addressing this issue by looking at its space and functionality needs. The City is attempting to meet the increasing demands of this changing, fast-growing population. Accessibility and visibility are key to successful senior center operations.

There were 31,386 visits to the two senior centers in FY 2000. One thousand four hundred and four seniors and their families were served through other department programs. St. Joseph Community Services continues to contract with the department to serve Meals on Wheels to 100-150 West Side homebound individuals and congregate meals at the West Side site.

The department serves as a station for the Senior Companion Program, which is a dual service program. Senior Companions visit those who are homebound or who are lonely and need a friendly visit. In turn, the income-eligible Senior Companions provide a connection to community resources and help prevent isolation.

The department continues to be an informational point of reference for senior citizens and their families. The Resource Booklet helps seniors and their families as well as agencies to utilize the network of services. Case management assists those who are experiencing lifestyle changes and who need help with human services.

Health Department

Public Health Assessment and Improvement Initiatives - One of the most important functions of a local health department is the ongoing assessment of the health of the community. This assessment is then used by the department and the community to promote improvements in the health, healthcare, and social service programs throughout the Manchester area. Two important initiatives were completed in FY 2000. The first of these was a study on the impact of adolescent pregnancies and births to the Manchester community. This work ultimately led to a \$90,000 two-year state grant for the department to hire an adolescent pregnancy prevention coordinator, and to complete grant requests for funding to support broad community initiatives. By year's end two local charitable foundations have committed at least \$400,000 to adolescent pregnancy prevention over a five-year period. It is hoped that \$1.5 million in outside funding will be committed for this effort. The goal is to reduce the adolescent birth rate, which is twice the statewide average, by 30% by the year 2010. The second broad initiative that the department undertook over the past year was the assessment of the dental health needs in the community. This issue has consistently risen as one which affects a broad cross section of the community yet does not receive the same recognition as a significant health concern when compared to other health issues. Over the past couple of years Manchester has experienced several improvements in services to improve the oral health of the community.

Healthy Manchester Coordinating Council - Many of Manchester's public health issues have multifactoral causes. Therefore, improvement will require a multi-faceted prevention strategy. The department is fortunate to have board support from key agency

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heads and community leaders who serve on the Healthy Manchester Coordinating Council ("HMCC"). The HMCC looks at public health issues from a broad community perspective rather than an individual agency perspective. This group serves as the City's *'Turning Point: Collaborating for the Next Century of Public Health'* Committee.

Manchester is one of 41 communities in the country to receive Turning Point funding from the Kellogg Foundation to examine and develop the public health system needed to improve health in the next century to foster those collaborations necessary to have an effective public health system. During the past year the HMCC worked diligently towards this end and successfully led the community in fluoridation of our community water supply. The exceptional achievements of this relatively new group have received recognition throughout the state.

Service Excellence Team - The department's Service Excellence Team, a Total quality Management Committee made up of representatives of each of the department's divisions and supervisory staff, completed its fifth year. The Service Excellence Team has been instrumental in improving department services and work environment. Discussions at Service Excellence Team meetings led to the establishment of the department's Public Health Improvement Teams, which work at a neighborhood and school level to improve the health of the public.

Highway Department

The Highway Department in FY 2000 continued to improve and maintain the City's infrastructure and provide general basic services (construction and maintenance of all public roadways and bridges, the collection and treatment of wastewater, the control and collection of storm drainage, and the collection and disposal of solid waste). In FY 2000 the department also took over the maintenance of City facilities and the aggregation and purchase energy services.

Traffic Department

The Traffic Department had substantial growth this year in the parking permit program within the Millyard and other parking lots due to the increase in new businesses locating to the City.

The department completed to following projects in FY 2000:

- ❖ Installation of 300 new automatic parking meters, which include annual charges and new locations in the Millyard
- ❖ Completed the synchronization of traffic signals for Elm Street and Canal Street

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- ❖ Initiated Diamond Grade Warning Signs to be installed at all hazardous locations, as needed.

ENTERPRISE OPERATIONS

Manchester Airport Authority

Strategically located in the heart of New England, Manchester Airport offers air travelers easy access, competitive airfares, ample parking, and a growing schedule of non-stop and direct jet service. Manchester Airport, a self-supporting, City-owned entity is the largest commercial passenger, cargo, and general aviation airport in all of northern New England.

Financial Performance - Manchester Airport experienced a sound financial year with strong gains in revenue, particularly parking, concessions, and rental car revenue. Cost containment played a major role in management decision making. The Airport continues to be recognized as one of the most important economic engines in the entire state of New Hampshire.

In FY 2000, the Airport issued \$55 million in General Airport Revenue Bonds to help finance ongoing Airport Master Plan projects. Prior to the issuance of the bonds, Fitch IBCA, a leading bond rating company, upgraded Manchester Airport's bond rating from BBB+ to an A-, emphasizing and highlighting the widespread confidence in the Airport's financial and operational success.

Economic Impact - An Economic Impact Study completed in 1999 shows that Manchester Airport contributed over \$500 million to the local economy in 1998. The study also shows, using a conservative "multiplier" to reflect continued growth in the future, that the Airport will contribute over \$1 billion annually by 2010.

Passenger Activity - Manchester Airport is served by Air Canada, American Eagle, Delta Air Lines, Delta Connection-COMAIR, Continental Airlines, Continental Express, MetroJet, Northwest Airlines, Southwest Airlines, United Airlines, US Airways, and US Airways Express. Non-stop destinations include Baltimore-Washington, Chicago (O'Hare and Midway), Cincinnati, Cleveland, Detroit, Kansas City, Nashville, New York (LaGuardia and Newark), Orlando, Philadelphia, Pittsburgh, Toronto, and Washington National.

Passenger activity at the Airport has increased dramatically during the past three years with the addition of several new airlines and additional jet service offerings from existing airlines. Passenger activity at Manchester Airport grew an astounding 75% from 1997 to 1998 and another impressive 45% from 1998 to 1999. The Airport expects to welcome over 3.2 million passengers in 2000.

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Cargo Activity - The 1999 year-end report from Manchester Airport shows that cargo activity increased to a record breaking 165 million pounds, a 20% increase over the record activity in 1998. UPS, FedEx, and Airborne Express were responsible for handling a majority of the air cargo at Manchester last year.

Manchester Airport is New England's third largest cargo airport. Over the past several years, FedEx, UPS, and Airborne Express have invested millions of dollars increasing ramp, sorting, and distribution capabilities at Manchester.

Capital Improvement/Airport Master Plan Program - Due to a dramatic increase in activity over the past decade, the City has undertaken a major improvement program at the Airport. The decade-long program includes the development and construction of a new 158,000 square foot passenger terminal (1994), a 70,000 square foot passenger terminal addition (1999), additional parking - including a 4,800 space parking garage (1999), roadway improvements, and runway and taxiway reconstruction and lengthening.

Residential Sound Insulation Program - The Manchester Airport Residential Sound Insulation Program began in October 1993. The program was developed by the Airport to reduce the noise impact on the interior living environments of qualified homes located in neighborhoods around the Airport. The program provides homeowners with a specialize package of sound insulation modifications designed to meet the noise reduction goals established by the Federal Aviation Administration ("FAA") and the City. Improvements to homes may include:

- ❖ Replacing existing windows with double-pane acoustical window units;
- ❖ Replacing existing exterior doors with 1 3/4" solid-core doors;
- ❖ Wall and ceiling modifications;
- ❖ Extra layers of insulation in attics and crawl spaces;
- ❖ Central air conditioning

To date, 333 homes have received sound insulation modifications and the City has received \$17 million dedicated to the program.

Property Acquisition Program - The Manchester Airport Property Acquisition Program is a voluntary program designed to give homeowners located within or adjacent to the Airport's runway protection zone ("RPZ") the opportunity to sell their homes. The FAA has identified 107 homes eligible for participation in this program. To date, approximately 85 area homeowners have accepted the Airport's offer for purchase of their home. The goal of this voluntary program is to work with each and every eligible homeowner interested in relocating from within the Airport's RPZ.

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Parks Recreation and Cemetery

Several projects are presently under construction or in some phase of development in all three divisions within the department.

Administration

❖ Kronos/Work Order

- (A) Implementation of *Kronos Timekeeper* is nearly complete. The *Timekeeper* automated timeclocks and associated software, in conjunction with the HTE workorder module should provide better cost accounting information.

Parks Division

❖ West Memorial High School Project

- (A) Phase III construction to begin at the end of July 2000. Items to be included are installation of artificial surface for football and other events. Installation of 400 meter, 8-lane polyurethane track, to be completed in spring 2001.

❖ Livingston Park Project

- (A) Phase II construction is now complete. Included was construction of a new athletic building, installation of field drainage, sub-grading, stabilization, and perimeter fencing.
- (B) Phase III construction is complete. Major items addressed in this period were completion of new field house building, installation of bleachers, scoreboard, and finish paving.

❖ Neighborhood Park/Playgrounds

- (A) Pine Island Park playground project is 80% complete. Final areas to complete construction include improving area landscape. All playground equipment has been installed.
- (B) Youngsville Tennis Courts are presently being resurfaced and color coated. Project to be completed Fall 2000.
- (C) Skateboard Park - Excavation of the new Skateboard Park is complete. Concrete forms to support features are currently being installed. Concrete forms and steel work to follow prior to gunite finish. Completion scheduled for the Spring 2001.

❖ Passive Parks

- (A) Design engineering for Kalivas Park project is now complete. Improvements to include new lighting, walkway, benches, and landscaping. Scheduled completion spring to early summer of 2001.
- (B) Enright Park - Design engineering is complete. Improvements to include new playground equipment, basketball standards combined in a passive park setting. Lighting to improve safety will also be addressed.
- (C) Sheridan Emmett Park & Playground - Scheduled tentative improvements based on input from Beech Street School students and faculty may include new playground equipment, game courts, lighting, and fencing.

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❖ **School Site Projects**

- (A) Six new tennis courts at Manchester Memorial High School are now complete.
- (B) Improvements to tennis courts at Livingston Park are complete.
- (C) Webster School site - Improvements include relocation of playground, redevelopment of play area to improve usability, installation of bus drop-off, game courts, and lighting. Project to be complete late Fall 2000. Engineering to complete second phase of project to begin subsequent to completion of Phase I.

Recreation Division

- ❖ Golf Course - Reconstruction of holes #7, 8, and 12 began mid-May 2000. Improvements to existing irrigation are also underway. All improvements in Phase I to be completed August 2000.
- ❖ McIntyre Ski Area - Phase II engineering is now complete. Plans to develop new snow tubing park, to include snowmaking and lighting could take place fall 2000, depending on permitting process.
- ❖ Gill Stadium - Repairs to grandstand at this semi-professional athletic complex are 50% complete. New improvements include improved ADA accessibility. Completion scheduled early fall 2000.

Expansion to Central High School football locker room is under construction. New area to include ADA improvements, lockers, and training room. Scheduled completion fall 2000.

- ❖ JFK Coliseum - Construction to address new bleacher seating and ADA accessibility issues are now complete.

Manchester Area Aggregation Program ("MAAP")

Deregulation of the electric utility industry in New Hampshire, and associated enactments by the State Legislature, prompted the City in 1997 to institute the Manchester Area Aggregation Program ("MAAP") to assist local residents and businesses. MAAP is designed to take advantage of the City's large buying power by grouping retail electric customers to broker or contract for electric power supply and energy services for such customers. The City, as "Aggregator", is a municipality engaging in the aggregation of customers within its boundaries. MAAP reduced energy costs to the New Hampshire Public Utilities' Pilot Program participants by approximately 20-25% in the initial 24 months.

The various orders of the New Hampshire Public Utilities Commission ("NHPUC") in its "Restructuring Proceeding" Docket 96-150 and a Rate Case Docket 97-059 of the franchise utility, Public Service of New Hampshire ("PSNH"), are currently stayed by order of the Rhode Island federal district court. On August 2, 1999, PSNH and Northeast Utilities ("NU") filed with the NHPUC an executed "Agreement to Settle PSNH

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Restructuring" (the "Agreement") entered into by the Governor and various State officials. Implementation of the Agreement following NHPUC approval and the enactment of appropriate and necessary legislation purports to provide numerous ratepayer benefits and resolve many outstanding administrative and judicial proceedings.

The NHPUC established Docket No. 99-099 (the "Settlement Proceeding") to determine if the Agreement is, indeed, in the public interest. Prior to the start of the hearings, NU announced a plan to merge with Con Ed of New York. The NHPUC issued Order No. 23,443 on April 19, 2000. On June 12, 2000, Governor Jeanne Shaheen signed into law Senate Bill 472, "AN ACT relative to final authorization of electric rate reduction financing and commission action" formally identified as Chapter 249 of the Session Laws of 2000. This legislation modifies several provisions of the Agreement and the NHPUC's conditional approval of the Agreement in Order 23,443. The NHPUC conducted additional hearings in July 2000 on PSNH's subsequent Conformed Settlement Agreement (the "Conformed Agreement"). The proposed competition date for deregulation of October 1, 2000 is dependent on the NHPUC's Final Orders on the Conformed Agreement, the proposed merger of NU and Con Ed, and on the State's issuance of the Rate Reduction Bonds.

A move toward full customer choice in the electric industry is expected to place the City in a better competitive position through its Aggregation Program with greater loads and a larger pool of energy supply competitors. The second largest city in the state, Nashua, has also adopted an Aggregation Plan and has entered into an intermunicipal agreement with MAAP to administer their program.

While full deregulation of the electric industry in New Hampshire has been challenged in Federal court, MAAP has proceeded with the aggregation of energy efficiency measures ("EEM") and natural gas. The EEM contract dated May 19, 1999 provides MAAP participants - municipal, industrial, commercial, and residential accounts in both Manchester and Nashua - with access to deeply discounted energy audits and energy efficient fixtures and equipment. The initial work to be completed at five municipal facilities in Manchester is expected to reduce energy costs by over \$500,000 per year.

The natural gas contract, which was also signed May 19, 1999, provides municipal accounts with a guaranteed 5% annual savings over current tariff rates. Retail access is not yet available to small commercial or residential accounts in New Hampshire. The NHPUC issued its order 23,018 on September 14, 1998 in Docket No. DE 98-124 authorizing the Parties and Staff to create a collaborative to work on various rules and issues surrounding restructuring, unbundling, and competition in the gas industry. The NHPUC has not issued an order on this Docket.

Manchester Water Works

The Manchester Water Works, which serves 125,000 people in not only Manchester, but also portions of six of the surrounding towns, experienced continued growth in customer

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base due to a strong regional economy and a sharp increase in water sales due to an unusually dry summer period. Average daily consumption increased over 1998 by nearly 8% to 17.18 million gallons per day. Also, on June 24, 2000 a new record high maximum day of 31.23 millions gallons was set.

The department places a high priority on maintaining its infrastructure, including the Water Treatment Plant, five storage tanks and reservoirs, eight pumping stations, two major and numerous other small dams, 462.5 miles of transmission and distribution piping, and 27,000 active water services. Many of the capital projects recently completed or under design are geared to insuring that our customers continue to receive water quality exceeding all federal and state standards and our facilities provide the reliability that they have come to depend on.

Projects underway or completed during FY 2000 include:

- ❖ 8.8 Million Gallon Prestressed Concrete Tank - This new storage structure was sited within the footprint of the 65-year old open embankment reservoir that had begun to demonstrate leakage and structural deficiencies. The project was substantially completed within budget and placed into service on December 20, 1999.
- ❖ Scada System Replacement - Treatment Plant and Pump Stations - In November 1999 a contract was awarded to replace the supervisory control and data acquisition system which monitors water quality at the treatment plant and provides remote control to the department's unmanned pump stations and storage facilities. The project is scheduled for completion by mid-2000.
- ❖ Utility Billing and Customer Information System - The department converted its Utility Billing to HTE in September 1999. The change was made in part to meet compliance requirements for Y2K, but also to increase flexibility and add customer service capabilities.
- ❖ Cleaning and Cement Mortar Lining of Distribution Mains - In the late 1980s the department developed a plan to systematically rehabilitate nearly 75 miles of remaining small diameter unlined cast iron water main. The plan called for the annual rehabilitation of approximately three miles of old water main, of which one mile would be conventional replacement in conjunction with state or local road reconstruction and two miles of cleaning and cement lining of main determined to be structurally sound. This year's lining contract included nearly 11,000 feet of six and eight inch diameter water main in a residential neighborhood in north central Manchester.
- ❖ Watershed Management Plan - With the aid of a \$28,000 grant from the New Hampshire Department of Environmental Services, the department formalized a plan for preserving and protecting the 42-square mile Lake Massabesic watershed. The study evaluated the department's current policies and practices and made

CITY OF MANCHESTER, NEW HAMPSHIRE
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recommendations for changes. The next step will be to work with the various boards and commissions in the five cities and towns in which the watershed lies to finalize the plan.

BOND ISSUES AND CREDIT RATING DURING PERIOD

During FY 2000 the City was involved in three separate bond issues: a \$41,570,000 general obligation issuance for scheduled school and municipal capital improvements in July 1999, plus a \$4,295,000 refunding; a \$55,990,000 issuance for the Manchester Airport in April 2000; and a \$49,772,909 issuance in March by the Manchester Housing and Redevelopment Authority for construction of a 256,000 square foot arena/civic center under which the City will contribute a portion of its state Meals and Room revenue sharing to retire debt on the building.

The City's \$41,570,000 general obligation bond issue increased the City's outstanding debt by a like amount, while the City's \$4,295,000 refunding bonds increased the City's outstanding debt by \$300,000. The \$49,772,909 revenue bonds issued to fund construction of the arena do not count against the City's debt limit as they were issued by the Manchester Housing and Redevelopment Authority and the City's general obligation credit was not pledged to these bonds. Similarly, the \$55,990,000 bonds issued to fund improvements at Manchester Airport do not count against the City's debt limit as they were issued as revenue bonds and the City's general obligation credit was not pledge to these bonds. The amount of debt issued by the City was in the City's receiving confirmation of its long term, uninsured credit rating of "Aa2" from Moody's Investors Service. The Moody's credit ratings on both the Airport bonds and the Housing Authority bonds were "Aaa" by virtue of each of those issues being enhanced by separate policies of municipal bond insurance.

The general debt limit of the City is 9.75% of based valuation, not more than 7% of which may be incurred for School purposes. Water and Sewer projects ordered by the State Water Supply and Pollution Control Commission, self-supporting sewer debt, debt for urban redevelopment and housing purposes, and overlapping debt are excluded from the measure of indebtedness. Other water projects are subject to a separate, special debt limit of 10% of the City's base valuation. Borrowings authorized by special legislative acts rather than the general municipal finance statutes are also sometimes excluded from a city or town's statutory debt limit.

As of June 30, 2000 the City has a total outstanding General Obligation debt of \$127,394,568 and authorized and unissued debt of \$58,945,000 including \$22 million for Pension Obligation Bonds, \$12.1 million for Sanitary Landfill, as well as a diversity of both City and School infrastructure improvement projects.

The City's general debt limit is \$430,726,051. The remaining borrowing capacity is \$331,666,467.

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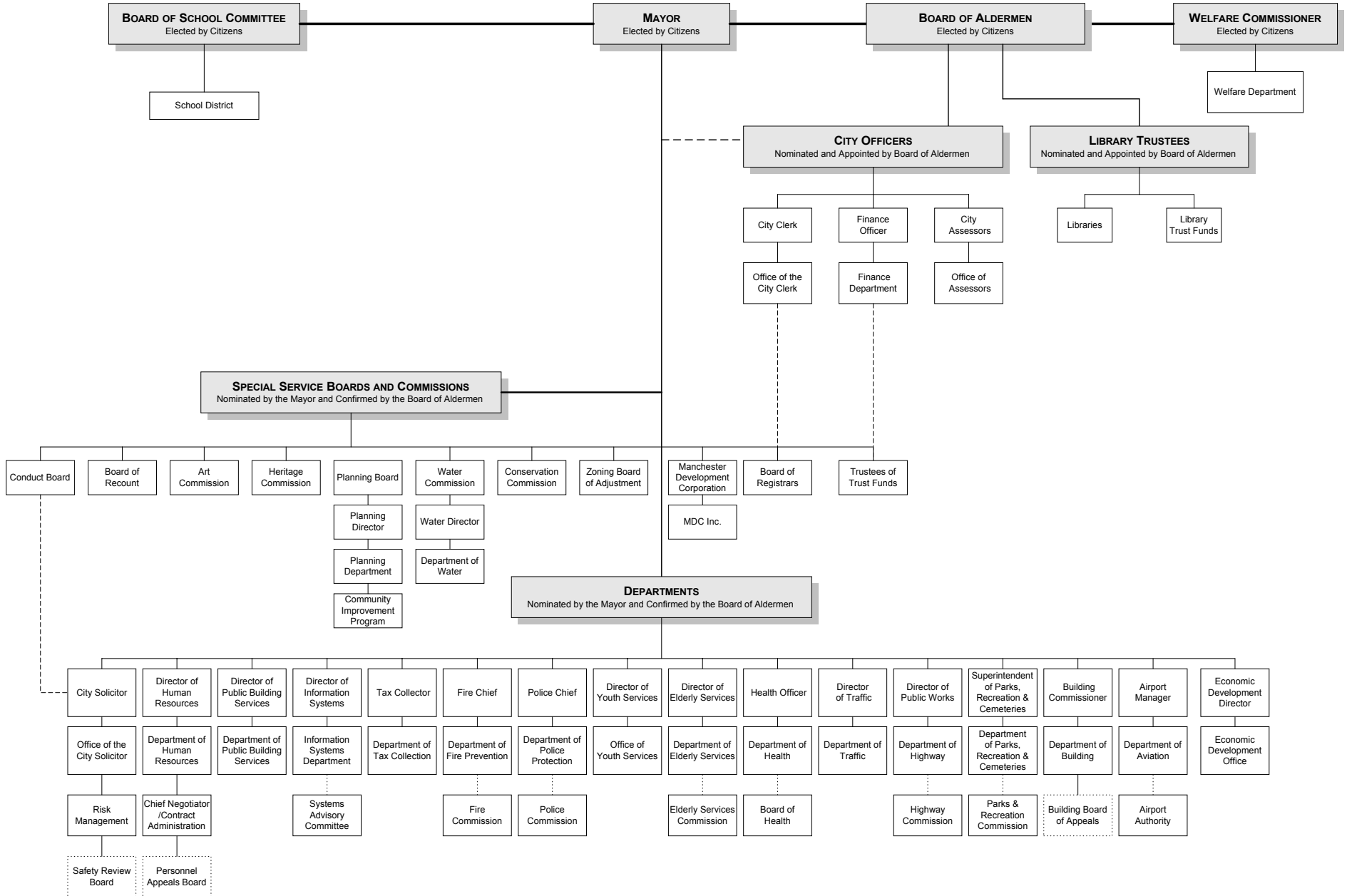
ACKNOWLEDGEMENTS

I would like to thank all of the City's department heads, payroll and account clerks for completion of another successful year. I would especially like to thank the staff of the Finance Department for their attention to detail and dedication.

Respectfully submitted,

Kevin A. Clougherty
Finance Officer

CITY OF MANCHESTER NEW HAMPSHIRE ORGANIZATION CHART



**List of Principal Officials
in office at the close of fiscal year ended June 30, 2000**

Mayor

Robert A. Baines

Aldermen

Ward 1	David M. Wihby *	Ward 7	William P. Shea
Ward 2	Theodore L. Gatsas	Ward 8	Steve Vaillancourt
Ward 3	Joseph Levasseur	Ward 9	Robert J. Pariseau
Ward 4	Mary A. Sysyn	Ward 10	William B. Cashin
Ward 5	James J. Clancy	Ward 11	Henry R. Thibault
Ward 6	Real R. Pinard	Ward 12	Keith Hirschmann
At-large	Michael Lopez	At-large	Daniel P. O'Neil

* Chairman of the Board

City Departments

Finance Officer	Kevin A. Clougherty
Deputy Finance Officer	Randy M. Sherman, CPA
Second Deputy Finance Officer	Joanne L. Shaffer
City Clerk	Leo R. Bernier
City Solicitor	Thomas R. Clark
Commissioner of Welfare	Susan G. Lafond
Police Chief	Mark L. Driscoll
Fire Chief	Joseph P. Kane
Health Officer	Frederick Rusczek, M.P.H.
Director of Public Works	Frank C. Thomas, P.E.
Director of Parks & Recreation & Cemetery	Ronald E. Ludwig
Director of Economic Development	Jay Taylor
Building Commissioner	Leon LaFreniere
Director of Traffic	Thomas P. Lolicata
Director of Airport	Kevin Dillon
Director of Water	Thomas M. Bowen, P.E.
Director of Information Systems	Diane Prew
Director of City Library	John A. Brisbin
Director of Planning Board	Robert S. Mackenzie
Superintendent of Schools	Normand Tanguay
Director of Human Resources	Mark Hobson
Director of Elderly Services	Barbara A. Vigneault
Director of Youth Services	Regis Lemaire
Chairman Board of Assessors	Steven G. Tellier
Tax Collector	Joan A. Porter

FINANCIAL SECTION

**INDEPENDENT AUDITOR'S REPORT
ON THE GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

To the Honorable Board of Mayor and Aldermen
City of Manchester, New Hampshire

We have audited the accompanying general purpose financial statements of the City of Manchester, New Hampshire ("the City") as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the Manchester School District, the Manchester Transit Authority and the City of Manchester Employees' Contributory Retirement System, component units of the City, which financial statements reflect governmental, proprietary and fiduciary fund types with total assets of \$32,959,219, \$4,801,640 and \$93,803,896, respectively, and total revenues of \$114,163,176, \$3,693,719 and \$14,006,880, respectively. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to amounts included for the Manchester School District, the Manchester Transit Authority and the City of Manchester Employees' Contributory Retirement System, component units of the City, is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the reports of other auditors, provide a reasonable basis for our opinion.

In our opinion, based on our report and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Manchester, New Hampshire as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust funds and discretely presented component units for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with “Government Auditing Standards,” we have also issued our report dated April 11, 2001 on our consideration of the City of Manchester, New Hampshire’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with “Government Auditing Standards” and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Manchester, New Hampshire. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The other data included in this comprehensive annual financial report, designated as “statistical section” in the table of contents, has not been audited by us and, accordingly, we express no opinion on it.

New Haven, Connecticut
April 11, 2001

**GENERAL PURPOSE
FINANCIAL STATEMENTS**



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Combined Balance Sheet
All Fund Types, Account Groups and Discretely Presented Component Units

	Governmental Fund Types			Proprietary	Fiduciary
	General	Special Revenue	Capital Projects	Fund Type Enterprise	Fund Type Trusts & Agency
<u>Assets and Other Debits</u>					
Assets					
Cash and cash equivalents	\$ 28,476,185	\$ 1,973,249	\$ 8,648,629	\$ 29,147,617	\$ 1,968,176
Restricted cash and cash equivalents	1,061,092	691,734	179,555	10,384,010	
Restricted investments				71,581,141	
Investments	9,075,038	1,394,872			16,284,486
Receivables, net of allowances for collection losses	6,552,023	2,589,472	2,555,441	15,879,120	1,051,784
Prepaid items	7,237			2,072,332	
Due from other funds	7,603,097			338,077	
Due from the City of Manchester					
Inventories	536,124			759,414	
Land held for resale		504,187			
Property and equipment, net, where applicable, of accumulated depreciation				379,914,587	
Total Assets	53,310,796	7,153,514	11,383,625	510,076,298	19,304,446
Other Debits					
Amounts to be provided for by taxation:					
Bonds payable - City					
Capital appreciation bonds					
Bonds payable - Manchester School District					
Compensated absences					
Insurance claims					
Insurance claims from general fund					
Net Pension Obligations					
Landfill closure and post-closure care					
Retirement of general long-term obligations					
Total Other Debits					
Total Assets & Other Debits	\$ 53,310,796	\$ 7,153,514	\$ 11,383,625	\$ 510,076,298	\$ 19,304,446

See accompanying notes.

Account Groups		Total	Component Units			Total
General	General	Primary Government	Manchester	Manchester	Pension	Reporting Entity
Fixed Assets	Long-Term Debt	(Memorandum Only)	School District	Transit Authority	Trust	(Memorandum Only)
		\$ 70,213,856	\$ 3,375,685	\$ 1,181,926		\$ 74,771,467
		12,316,391				12,316,391
		71,581,141				71,581,141
		26,754,396			\$ 93,364,175	120,118,571
		28,627,840	8,849,057	871,823	257,768	38,606,488
		2,079,569		92,881	181,953	2,354,403
		7,941,174	7,087,971			15,029,145
			4,478,862			4,478,862
		1,295,538		239,662		1,535,200
		504,187				504,187
\$ 173,469,972		553,384,559	9,167,644	2,415,348		564,967,551
173,469,972		774,698,651	32,959,219	4,801,640	93,803,896	906,263,406
	\$ 79,721,971	79,721,971				79,721,971
	5,118,233	5,118,233				5,118,233
	47,672,597	47,672,597				47,672,597
	4,344,576	4,344,576				4,344,576
	3,034,683	3,034,683				3,034,683
	1,945,960	1,945,960				1,945,960
	207,430	207,430				207,430
	19,500,176	19,500,176				19,500,176
			11,998,227			11,998,227
	161,545,626	161,545,626	11,998,227			173,543,853
\$ 173,469,972	\$ 161,545,626	\$936,244,277	\$ 44,957,446	\$ 4,801,640	\$ 93,803,896	\$ 1,079,807,259

Combined Balance Sheet
All Fund Types, Account Groups and Discretely Presented Component Units

	Governmental Fund Types			Proprietary	Fiduciary
	General	Special Revenue	Capital Projects	Fund Type Enterprise	Fund Type Trusts & Agency
<u>Liabilities, Fund Equity and Other Credits</u>					
Liabilities					
Accounts and warrants payable	\$ 1,207,594	\$ 246,333	\$ 280,747	\$ 2,650,021	
Retainage payable			189,553	1,940,380	
Accrued liabilities	968,246	26,488		5,702,482	
Insurance claims payable	955,150				
Due to other funds		635,400		5,947,124	\$ 1,358,650
Due to Manchester School District	4,478,862				
Deferred revenue	6,829,021	154,989			
Taxes collected in advance	22,025,049				
Amount payable for pension benefits					
Bonds and notes payable - City				250,869,293	
Capital appreciation bonds					
Bonds and notes payable - Manchester School District					
Due to State of New Hampshire				13,932,035	
Compensated absences				1,160,263	
Supplemental benefits payable at retirement					
Old system and NHRS supplemental benefits					
Landfill closure and post-closure care					
Other	1,005,406	255,463		469,598	
Total Liabilities	37,469,328	1,318,673	470,300	282,671,196	1,358,650
<u>Equity and Other Credits</u>					
Investment in general fixed assets					
Contributed capital				128,232,604	
Retained earnings					
Reserved				14,561,461	
Unreserved				84,611,037	
Fund balances					
Reserved for					
Encumbrances	1,090,113	686,671	2,316,206		
Cemetery and other trust funds					2,591,007
Library					3,062,059
Workers' compensation	437,753				
Health insurance	274,855				
General liability insurance	1,508,207				
Employees' Retirement System					
Inventory	536,124				
Advances	1,538,038		2,493,932		
Revenue stabilization	8,235,090				
Unreserved					
Undesignated fund balance (deficit)	2,221,288	5,148,170	6,103,187		12,292,730
Total Equity and Other Credits	15,841,468	5,834,841	10,913,325	227,405,102	17,945,796
Total Liabilities, Equity and Other Credits	\$ 53,310,796	\$ 7,153,514	\$ 11,383,625	\$ 510,076,298	\$ 19,304,446

See accompanying notes.

Account Groups		Total Primary Government (Memorandum only)	Component Units			Total Reporting Entity (Memorandum Only)
General Fixed Assets	General Long-Term Debt		Manchester School District	Manchester Transit Authority	Pension Trust	
		\$ 4,384,695	\$ 909,978	\$ 12,726	\$ 177,289	\$ 5,484,688
		2,129,933				2,129,933
		6,697,216	8,038,276	29,464	323,614	15,088,570
	\$ 4,980,643	5,935,793	676,736			6,612,529
		7,941,174	7,087,971			15,029,145
		4,478,862				4,478,862
		6,984,010	16,376,034			23,360,044
		22,025,049				22,025,049
			3,998,034			3,998,034
	79,721,971	330,591,264		6,114		330,597,378
	5,118,233	5,118,233				5,118,233
	47,672,597	47,672,597	756,393			48,428,990
		13,932,035				13,932,035
	4,344,576	5,504,839				5,504,839
				247,059		247,059
	207,430	207,430				207,430
	19,500,176	19,500,176				19,500,176
		1,730,467				1,730,467
	161,545,626	484,833,773	37,843,422	295,363	500,903	523,473,461
\$ 173,469,972		173,469,972	9,167,644			182,637,616
		128,232,604		1,180,318		129,412,922
		14,561,461		1,576,938		16,138,399
		84,611,037		1,749,021		86,360,058
		4,092,990	35,704			4,128,694
		2,591,007				2,591,007
		3,062,059				3,062,059
		437,753				437,753
		274,855				274,855
		1,508,207				1,508,207
					93,302,993	93,302,993
		536,124				536,124
		4,031,970				4,031,970
		8,235,090				8,235,090
		25,765,375	(2,089,324)			23,676,051
173,469,972		451,410,504	7,114,024	4,506,277	93,302,993	556,333,798
\$ 173,469,972	\$ 161,545,626	\$ 936,244,277	\$ 44,957,446	\$ 4,801,640	\$ 93,803,896	\$ 1,079,807,259

**Combined Statement of Revenues,
Expenditures and Changes in Fund Balances
All Governmental Fund Types, Expendable Trust Fund and Discretely Presented Component Units**

	General Fund	Special Revenue Funds	Capital Projects Fund
<u>Revenues</u>			
Taxes	\$ 60,190,452		
Federal and state grants and aid	7,302,746	\$ 11,472,134	\$ 208,018
Nonenterprise charges for sales and services	3,615,039	82,566	
Licenses and permits	16,212,440		
Interest	2,548,473	273,155	
Contributions			
Net gain (loss) on sale of securities			
Other	6,655,281	1,138,695	2,493,932
Total Revenues	96,524,431	12,966,550	2,701,950
<u>Expenditures</u>			
Current:			
General government	17,751,003	8,402,163	
Public safety	29,689,148	1,345,558	
Health and sanitation	2,304,060	594,850	
Highway and streets	18,505,080	2,794,931	
Welfare	1,213,010	67,685	
Education	3,049,175	606,652	
Parks and recreation	2,790,074	474,144	
Cemetery Trust			
Investment management fee			
Capital Outlay			16,155,441
Debt service:			
Principal retirement	9,370,788		
Interest	3,967,702		
Issue Costs	183,795		
Total Expenditures	88,823,835	14,285,983	16,155,441
Excess (Deficiency) of revenues over expenditures	7,700,596	(1,319,433)	(13,453,491)
<u>Other Financing Sources (Uses)</u>			
Proceeds of refunding bonds	4,286,068		
Payment to refunded bond escrow agent	(4,252,111)		
Bond proceeds			35,916,751
Operating transfers in	350,100	2,637,301	3,157,037
Operating transfers out	(2,610,467)	(76,834)	(3,157,037)
Total Other Financing Sources (Uses)	(2,226,410)	2,560,467	35,916,751
Excess (Deficiency) of revenues and other financing sources over expenditures and other financing uses	5,474,186	1,241,034	22,463,260
Fund Balance (Deficit), beginning of year	10,367,282	4,593,807	(11,549,935)
Fund Balance (Deficit), end of year	\$ 15,841,468	\$ 5,834,841	\$ 10,913,325

See accompanying notes.

City of Manchester, New Hampshire
Year Ended June 30, 2000

Expendable Trust Fund	Total Primary Gov. (Memorandum Only)	Manchester School District	Total Reporting Entity (Memorandum Only)
	\$ 60,190,452	\$ 23,167,248	\$ 83,357,700
	18,982,898	71,911,186	90,894,084
	3,697,605	13,458,205	17,155,810
	16,212,440		16,212,440
\$ 273,913	3,095,541		3,095,541
1,956,968	1,956,968	389,269	2,346,237
(8,558)	(8,558)		(8,558)
	10,287,908	5,237,268	15,525,176
2,222,323	114,415,254	114,163,176	228,578,430
1,834,699	27,987,865		27,987,865
	31,034,706		31,034,706
	2,898,910		2,898,910
	21,300,011		21,300,011
	1,280,695		1,280,695
	3,655,827	107,809,716	111,465,543
	3,264,218		3,264,218
771,000	771,000		771,000
15,993	15,993		15,993
	16,155,441		16,155,441
	9,370,788	6,347,006	15,717,794
	3,967,702	2,060,074	6,027,776
	183,795		183,795
2,621,692	121,886,951	116,216,796	238,103,747
(399,369)	(7,471,697)	(2,053,620)	(9,525,317)
	4,286,068		4,286,068
	(4,252,111)		(4,252,111)
	35,916,751		35,916,751
	6,144,438		6,144,438
(300,100)	(6,144,438)		(6,144,438)
(300,100)	35,950,708		35,950,708
(699,469)	28,479,011	(2,053,620)	26,425,391
3,290,476	6,701,630		6,701,630
\$ 2,591,007	\$ 35,180,641	\$ (2,053,620)	\$ 33,127,021

**Combined Statement of Revenues, Expenses,
and Changes in Retained Earnings/Fund Balances -
All Proprietary Fund Types and Nonexpendable Trust Funds**

	Proprietary Fund Type	Fiduciary Fund Type
	Enterprise	Nonexpendable Trust Funds
<u>Revenues</u>		
Charges for goods and services	\$ 45,829,709	
Interest and dividends		\$ 780,747
Contributions		98,426
Total Revenues	45,829,709	879,173
<u>Expenses</u>		
Personnel services	9,721,725	
Plant maintenance	10,724,034	
Light/heat and power	4,465,234	
General and administrative	2,024,021	
Depreciation and amortization	13,594,300	
Cemetery		302,100
Library		91,601
Investment management fee		34,474
Total Expenses	40,529,314	428,175
Operating income (loss)	5,300,395	450,998
<u>Non-operating Revenues (Expenses), net</u>		
Soundproofing program grant	789,948	
Soundproofing program expense	(232,000)	
Interest income	3,882,991	
Interest expense	(7,489,783)	
Reimbursements of bond interest expense	319,140	
Passenger facility charges	4,129,085	
Customer facility charges	1,274,277	
Rent and other income	260,957	
Loss on disposal of fixed assets	(74,086)	(18,057)
Net Non-operating Revenues (Expenses)	2,860,529	(18,057)
Net Income (loss)	8,160,924	432,941
Add depreciation on fixed assets acquired by grants and individual contributions externally restricted for capital acquisitions and construction that reduces contributed capital	7,059,190	
Increase in Retained Earnings/Fund Balance	15,220,114	432,941
Retained Earnings/Fund Balances, beginning of year (restated)	83,952,384	14,921,848
Retained Earnings/Fund Balances, end of year	\$ 99,172,498	\$ 15,354,789

See accompanying notes.

Total Primary Government (Memorandum Only)	Manchester Transit Authority	Total Reporting Entity (Memorandum Only)
\$ 45,829,709	\$ 2,202,052	\$ 48,031,761
780,747		780,747
98,426	1,440,700	1,539,126
46,708,882	3,642,752	50,351,634
9,721,725	2,611,179	12,332,904
10,724,034	489,070	11,213,104
4,465,234	68,538	4,533,772
2,024,021	165,764	2,189,785
13,594,300	513,639	14,107,939
302,100		302,100
91,601		91,601
34,474		34,474
40,957,489	3,848,190	44,805,679
5,751,393	(205,438)	5,545,955
789,948		789,948
(232,000)		(232,000)
3,882,991	50,967	3,933,958
(7,489,783)		(7,489,783)
319,140		319,140
4,129,085		4,129,085
1,274,277		1,274,277
260,957		260,957
(92,143)		(92,143)
2,842,472	50,967	2,893,439
8,593,865	(154,471)	8,439,394
7,059,190	216,785	7,275,975
15,653,055	62,314	15,715,369
98,874,232	3,263,645	102,137,877
\$ 114,527,287	\$ 3,325,959	\$ 117,853,246

Combined Statement of Cash Flows -
All Proprietary Fund Types, Nonexpendable Trust Funds
and Discretely Presented Component Units

City of Manchester, New Hampshire
Year Ended June 30, 2000

	Proprietary Fund Type Enterprise	Nonexpendable Fiduciary Fund Type Trusts	Total (Memorandum Only)	Manchester Transit Authority	Total Reporting Entity (Memorandum Only)
<u>Cash Flows from Operating Activities</u>					
Cash received from customers	\$45,520,426		\$45,520,426	\$1,872,970	\$47,393,396
Contributions		\$ 98,426	98,426	1,440,700	1,539,126
Cash payments for goods and services	(19,546,747)	(706,551)	(20,253,298)	(821,856)	(21,075,154)
Cash payments to employees for services	(9,777,654)		(9,777,654)	(2,619,269)	(12,396,923)
Other operating revenues	194,844		194,844		194,844
Net Cash Provided (Used) by Operating Activities	16,390,869	(608,125)	15,782,744	(127,455)	15,655,289
<u>Cash Flows from Non-Capital and Related Financing Activities</u>					
Amounts from federal & state governments for soundproofing	690,090		690,090		690,090
Soundproofing related expenses	(232,000)		(232,000)		(232,000)
Reimbursement of bond interest expenses	319,140		319,140		319,140
Passenger facility charges	4,251,799		4,251,799		4,251,799
Customer facility charges	1,274,277		1,274,277		1,274,277
Short-term cash advance from City	(3,491,576)		(3,491,576)		(3,491,576)
Net Cash Provided by Non-Capital & Related Financing Activities	2,811,730		2,811,730		2,811,730
<u>Cash Flows from Capital and Related Financing Activities</u>					
Proceeds from restricted cash	(3,167,877)		(3,167,877)		(3,167,877)
Proceeds from general obligation bonds	60,398,868		60,398,868		60,398,868
Proceeds from State of New Hampshire Revolving Fund	4,032,851		4,032,851		4,032,851
Principal paid on bonds	(6,445,342)		(6,445,342)		(6,445,342)
Interest paid on bonds	(8,451,352)		(8,451,352)		(8,451,352)
Contributed capital by federal, state & local governments	8,848,731		8,848,731	512,089	9,360,820
Acquisition and construction of capital assets	(69,944,740)		(69,944,740)	(734,374)	(70,679,114)
Net Cash Used in Capital & Related Financing Activities	(14,728,861)		(14,728,861)	(222,285)	(14,951,146)
<u>Cash Flows from Investing Activities</u>					
Purchase of investment securities	(3,653,628)	(2,085,138)	(5,738,766)		(5,738,766)
Proceeds from sale and maturities of investment securities	1,995,058	1,078,209	3,073,267		3,073,267
Investment management fee		(34,473)	(34,473)		(34,473)
Interest and dividends from investments	1,947,590	772,052	2,719,642	50,967	2,770,609
Net Cash Provided (Used) by Investing Activities	289,020	(269,350)	19,670	50,967	70,637
Net Increase (Decrease) in Cash and Cash Equivalents	4,762,758	(877,475)	3,885,283	(298,773)	
Restricted cash	10,384,010		10,384,010		
Cash and cash equivalents at beginning of period	24,384,859	1,498,783	25,883,642	1,480,699	27,364,341
Cash and Cash Equivalents at End of Period	\$39,531,627	\$ 621,308	\$40,152,935	\$1,181,926	\$41,334,861
<u>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</u>					
Operating income (loss)	\$ 5,300,395	\$ 450,998	\$ 5,751,393	\$ (205,438)	\$ 5,545,955
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation and amortization	13,594,300		13,594,300	513,639	14,107,939
Non-operating revenue	194,844		194,844		194,844
<u>Change in Assets and Liabilities</u>					
(Increase) Decrease in receivables	(403,429)	8,908	(394,521)	(329,939)	(724,460)
(Increase) Decrease in inventories	(130,047)		(130,047)	474	(129,573)
(Increase) Decrease in prepaid expenses and other assets	55,045		55,045	(52,645)	2,400
Increase (Decrease) in accounts payable	(1,605,561)		(1,605,561)	(38,513)	(1,644,074)
Increase (Decrease) in accrued and other liabilities	(553,612)		(553,612)	(959)	(554,571)
Increase (Decrease) in compensated absences	(20,369)		(20,369)	(14,931)	(35,300)
Increase (Decrease) in Deferred Revenue	(28,821)		(28,821)	857	(27,964)
Increase (Decrease) in interfund liabilities	(11,876)	(312,850)	(324,726)		(324,726)
Decrease in interest income		(789,655)	(789,655)		(789,655)
Increase in investment management fee		34,474	34,474		34,474
Net Cash Provided (Used) by Operating Activities	\$16,390,869	\$ (608,125)	\$15,782,744	\$ (127,455)	\$15,655,289

See accompanying notes.

General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual (Budget Basis)

City of Manchester, New Hampshire
Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 58,296,870	\$ 58,619,075	\$ 322,205
Federal and state grants and aid	6,600,526	6,749,633	149,107
Nonenterprise charges for sales and services	3,733,135	3,615,039	(118,096)
Licenses and permits	14,869,322	16,212,440	1,343,118
Interest	1,800,000	2,548,473	748,473
Other	7,849,163	6,505,443	(1,343,720)
Total Revenues	93,149,016	94,250,103	1,101,087
<u>Expenditures</u>			
Current:			
General government	20,925,410	17,652,867	3,272,543
Public safety	29,402,370	29,055,895	346,475
Health and sanitation	2,355,461	2,298,756	56,705
Highway and streets	18,859,131	18,263,823	595,308
Welfare	1,299,024	1,249,759	49,265
Education	2,320,801	3,046,231	(725,430)
Parks and recreation	3,037,862	2,829,362	208,500
Debt service:			
Principal retirement	9,370,788	9,370,788	
Interest	3,967,702	3,967,702	
Total Expenditures	91,538,549	87,735,183	3,803,366
Excess of revenues over expenditures	1,610,467	6,514,920	4,904,453
<u>Other Financing Sources (Uses)</u>			
Operating transfers in	300,000	350,100	50,100
Operating transfers out	(2,610,467)	(2,610,467)	
Total Other Financing Sources (Uses)	(2,310,467)	(2,260,367)	50,100
Excess (Deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (700,000)</u>	<u>\$ 4,254,553</u>	<u>\$ 4,954,553</u>

See accompanying notes.

**Statement of Changes in Net Assets
Available for Benefits
Pension Trust**

**City of Manchester, New Hampshire
Year Ended Decemebr 31, 1999 and June 30, 2000**

	Primary Government Old System June 30, 2000	Discretely Presented Component Units New System Dec 31, 1999
Additions:		
Investment Income:		
Interest		\$ 827,819
Dividends		463,891
Net realized and unrealized appreciation in fair value of investments		11,183,910
Less investment expense		(481,098)
Net investment income	-	11,994,522
Contributions:		
Employer	\$ 2,015,579	800,391
Employee		1,211,967
Total contributions	2,015,579	2,012,358
Total Additions	2,015,579	14,006,880
Deductions:		
Benefits paid directly to participants	2,015,579	3,497,141
Refunds of employee contributions		151,230
Administrative expenses		505,553
Total deductions	2,015,579	4,153,924
Net Increase	-	9,852,956
Net assets available for benefits, beginning of year	-	83,450,037
Net assets available for benefits, end of year	\$ -	\$ 93,302,993

See accompanying notes

**NOTES TO
GENERAL PURPOSE
FINANCIAL STATEMENTS**

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

1. Summary of Significant Accounting Policies

The general purpose financial statements of the City of Manchester (the "City") have been prepared in conformity with generally accepted accounting principles ("GAAP") applicable to governmental units.

A. Reporting Entity

The City was incorporated in June of 1846 and operates as a municipal corporation governed by an elected mayor and a fourteen (14) member aldermanic board. The City's general purpose financial statements include all entities for which the City is financially accountable, and other organizations of the City for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board ("GASB") Statement 14 has set forth criteria to be considered in determining financial accountability. This criteria includes whether the City, as the primary government, has appointed a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City.

The City has four component units – Manchester School District, Manchester Development Corporation, Manchester Transit Authority and the City of Manchester Employees' Contributory Retirement System. Using the criteria of GASB Statement 14, management determined that the Manchester Development Corporation should be blended into the primary government, the Manchester School District, the Manchester Transit Authority and the City of Manchester Employees' Contributory Retirement System should be discretely presented. The nature and relationship of the City's component units are disclosed in the following sections.

Blended Component Units

Manchester Development Corporation ("MDC") - The MDC was created by the Board of Mayor and Aldermen ("BMA") as a public corporation for the purpose of developing economic opportunities for the City. The MDC Board of Directors is comprised of twelve (12) members, all of whom shall be nominated by the Mayor and confirmed by the Board of Aldermen of the City. The MDC is a blended component unit reported in the Special Revenue Funds. Separate financial statements are not available.

Discretely Presented Component Units

Manchester School District ("District" or "MSD") - The MSD is responsible for elementary and secondary education within the government's jurisdiction. The members of the school board are elected by the voters. However, the District is fiscally dependent upon the government because the government's BMA approves the District's budget, levies taxes (if necessary) and must approve any debt issuances. Other independent auditors audited the MSD, a June 30 year-end, and their report, dated February 27, 2001, has been issued under separate cover. The District is presented as a governmental fund type.

Manchester Transit Authority ("MTA") - The MTA was created by the BMA to provide a public transportation system for the citizens of the City. A five-member board appointed by the BMA oversees the MTA. Other independent auditors audited the MTA, a June 30 year-end, and their report, dated September 15, 2000, has been issued under separate cover. The MTA is presented as a proprietary fund type.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

1. Summary of Significant Accounting Policies (continued)

City of Manchester Employees' Contributory Retirement System (the "New System") - The New System was created by the BMA for the purpose of administering the assets of the employees' contributory retirement system. The New System's Board of Trustees consists of seven members, as follows: the City Finance Officer, the Mayor, one person appointed by the Board of Aldermen, two citizens of the City - one appointed by the Mayor, one elected by the New System members and two New System members also elected by the New System members. Other independent auditors audited the New System, a December 31 year end, for the year ended December 31, 1999, and their report, dated March 1, 2000, has been issued under separate cover. The New System is presented as a pension trust fund.

Complete financial statements of the individual component units may be obtained directly from their administrative offices.

Manchester School District 196 Bridge Street Manchester NH 03104	Manchester Transit Authority 110 Elm Street Manchester NH 03101-2799	City of Manchester Employees' Contributory Retirement System 1838 Elm Street Manchester NH 03104
------------------------------------------------------------------------	----------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------

B. Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable or available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate "fund types". The City has the following fund types and account groups:

Governmental Fund Types

Governmental funds are used to account for the City's expendable financial resources and related liabilities (except those accounted for in certain trust funds). The measurement focus is based upon determination of changes in financial position and the flow of current financial resources. Following are the City's governmental fund types:

General Fund - The General Fund is the general operating fund of the City and operates under a legal budget. It is used to account for all financial resources not accounted for in other prescribed funds and account groups.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or designated for specific functions or activities (not including expendable trusts or major capital projects).

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of capital assets other than those financed by proprietary funds.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

1. Summary of Significant Accounting Policies (continued)

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus of proprietary funds is upon determination of net income, financial position, and cash flow (economic resources measurement focus). The Enterprise Funds are included in this category.

Enterprise Funds - The City uses enterprise funds to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is for the costs of providing goods or services to the general public on a continuing basis be recovered or financed primarily through user charges.

Regulatory Authorities

Water Works, the City's water department uses guidelines for water utility accounting set forth by the New Hampshire Public Utilities Commission. Certain operations of Water Works are subject to regulation with respect to accounting and rates established by the New Hampshire Public Utilities Commission.

The City has implemented Statement No. 20 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting." This Statement provides guidance on the applicability of accounting pronouncements from other standards setting organizations. The City's proprietary funds must apply all GASB pronouncements and the following pronouncements issued before November 30, 1989 unless they contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures. In addition, the City has elected to apply those applicable pronouncements issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

Fiduciary Fund Types

Fiduciary fund types account for assets held by the City as a trustee or agent. Fiduciary funds include agency funds, expendable trust funds, and nonexpendable trust funds.

Agency Fund – The Agency fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals or other governmental units and/or other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operation.

Expendable Trust Funds - The measurement focus of the expendable trust funds is the same as the governmental funds. Expendable trust funds account for assets where both the principal and interest may be spent.

Nonexpendable Trust and Pension Trust Funds - The measurement focus is similar to proprietary funds. Nonexpendable trust funds account for assets of which the principal may not be spent.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

1. Summary of Significant Accounting Policies (continued)

Account Groups

In addition to the three broad types of governmental funds, the City also maintains two account groups as described below:

General Fixed Assets - Property and equipment acquired by the City in the performance of its operations, other than operations accounted for in the Proprietary Fund Type and the Trust Funds, are reflected in the General Fixed Assets Account Group.

General Long-Term Debt - The General Long-Term Debt account group is used to account for general government unmatured, long-term, general obligation bonds payable, compensated absences, insurance claims, supplemental retirement benefits, capital appreciation bonds, net pension obligations, and landfill closure and post-closure costs. Payments of principal and interest on long-term debt are recorded in the general fund and the MSD.

C. Basis of Accounting

Governmental funds, the expendable trust fund and the agency fund are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available to pay liabilities of the current period). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Revenues susceptible to accrual are property taxes, licenses, interest, and charges for services. The government considers property taxes as available if they are collected within 60 days after year-end. Likewise, the City records a general fund liability for tax abatements and refunds issued within 60 days after year-end. Fines, permits, and parking meter revenues are not susceptible to accrual, because they are generally not measurable until received.

Expenditures are generally recognized under the modified accrual basis of accounting when the liability is incurred. Exceptions to this general policy are: (1) principal and interest on general long-term debt which is recognized when paid; and (2) compensated absences, claims and landfill closure costs which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Certain federal grants, made on the basis of entitlement periods, are recorded as receivables and revenues when the entitlement occurs. Other federal grants made on a reimbursement basis are recorded as receivables and revenues when the related expenditures are incurred.

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary fund types, pension trust funds and nonexpendable trust funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred (flow of economic resources measurement focus).

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

1. Summary of Significant Accounting Policies (continued)

Pension Trust Funds: Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental Funds: The net pension obligation, the cumulative difference between annual pension cost and the City's contributions to the plan since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27 and is recognized in the General Long-Term Debt Account Group. Expenditures are recognized when they are paid or are expected to be paid with current available resources.

Funding Policy: The City makes contributions at the discretion of management.

D. Cash and Cash Equivalents

New Hampshire Revised Statutes Annotated ("RSA") Chapter 48:16 ("RSA 48:16"), as amended, establishes the policy the City must adhere to when investing City funds. With approval of the BMA, the Finance Officer, acting as Treasurer, may invest in obligations of the United States government, in savings bank deposits of banks incorporated under the laws of the State of New Hampshire ("the State"), in participation units of the New Hampshire Public Deposit Investment Pool ("NH-PDIP"), in certificates of deposit of banks incorporated under the laws of the State, or in national banks located in New Hampshire or the Commonwealth of Massachusetts. RSA 48:16 does not allow the City to enter into reverse repurchase agreements.

Investments are stated at fair value based on quoted market rates.

The City's cash and cash equivalents represent short-term investments with an initial maturity of three months or less. The MDC's investments consist primarily of United States Treasury Notes and certificates of deposits. MDC may invest in marketable securities.

E. Restricted Cash and Cash Equivalents

Restricted cash includes retainage amounts due to contractors upon completion of various construction projects where contractual third party restrictions exist. Also included in the restricted cash are deposits made by surrounding towns based on intermunicipal agreements with the Environmental Protection Division (wastewater facility), as well as restricted amounts resulting from bond covenants for the 1992 State Guaranteed Airport Revenue Bonds, the 1998 General Airport Revenue Bonds and the 2000 General Airport Revenue Bonds.

F. Restricted Investments

Certain amounts in the Aviation Fund have been restricted for specific purposes resulting from Bond covenants for the 1992 State Guaranteed Airport Revenue Bonds, the 1998 General Airport Revenue Bonds and the 2000 General Airport Revenue Bonds.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

1. Summary of Significant Accounting Policies (continued)

The unexpended proceeds of the 2000 and 1998 General Airport Revenue Bonds, as well as certain resources set aside for their repayment and the repayment of the 1992 State Guaranteed Airport Revenue Bonds, are classified as restricted assets on the balance sheet because their use is limited by a Loan and Trust Agreement. The "Project Fund" is used to report those proceeds of the Revenue Bonds issuance that are restricted for use in construction. The "Bond Fund" is used to segregate resources accumulated for debt service payments on the given maturity dates. The "Bond Reserve Account" is used to report resources set aside to make up potential future deficiencies in the Bond Fund. The "Operation and Maintenance Reserve Account" is established for purposes of reporting resources set aside for the payment of operating expenses should there be a shortfall in revenues. The "Renewal and Replacement Account" is established to set aside resources to meet unanticipated or emergency repairs. The "Surplus Account" is established to deposit the remaining monthly balance, if any, after making all deposits then required into the other funds and accounts.

A "Rebate Fund" also would be used to report any excess interest earned on nonpurpose investments (as defined in Section 148 of the Internal Revenue Code of 1986, as amended).

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items. No portion of the funds' balances have been reserved to indicate that it is not available for appropriation, since the total was not considered material.

H. Inventories

The Highway Department, a component of the City's General Fund, began using the consumption method for inventory during the fiscal year ended June 30, 1998. Inventory for the Highway Department is recorded at cost on a first-in, first-out basis.

The remaining cost of inventories in governmental fund types is recorded as expenditures when purchased ("Purchase Method"). The Environmental Protection Division ("EPD") Fund, Water Works Fund and Aggregation Fund are the only enterprises that record inventories. Inventories in these enterprise funds are stated at the lower of cost (First-in, First-out method) or market.

I. Property and Equipment

General Fixed Assets - Property and equipment used in governmental fund type operations are recorded at historical cost if purchased or constructed. Assets received through donation are recorded at estimated fair value as of the date of donation. Assets are capitalized and considered property and equipment if they have a value greater than \$5,000 and a useful life greater than or equal to three (3) years. Assets in the General Fixed Assets account group are not depreciated. The City adopted a change in accounting policy in Fiscal Year 2000. Assets are capitalized if the cost is \$5,000 or over. Prior to Fiscal Year 2000, assets were capitalized if they had a value of at least \$500. The change resulted in a reduction of fixed assets for items under \$5,000, totaling \$9,113,624. The City considers all school buildings to be property of the City.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

1. Summary of Significant Accounting Policies (continued)

Infrastructure assets are fixed assets that are immovable and are only of value to the government. Infrastructure assets consist of roads and bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Infrastructure assets are not capitalized and therefore are excluded from the General Fixed Assets account group.

Construction in Progress - Construction projects financed by general obligation bonds, excluding those supported by proprietary fund revenues, are recorded as expenditures in the Capital Project Fund. Incomplete capital projects are recorded in the General Fixed Assets account group as construction-in-progress. Incomplete proprietary projects are recorded as construction-in-progress (a component of property and equipment) in the respective fund.

Proprietary Fund Fixed Assets - Property and equipment in the enterprise funds are recorded at cost, or if donated, at estimated fair value on the date received. The funds capitalize assets with values greater than \$5,000 (\$10,000 for Aviation) and a useful life greater than or equal to three (3) years.

Assets acquired by the enterprise funds are subject to depreciation. Each enterprise fund is responsible for the accounting and recording of depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings	15 to 60 years
Improvements	5 to 30 years
Equipment	5 to 15 years
Vehicles	3 to 10 years
Interceptors (EPD)	50 years

J. Capitalized Interest

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest incurred from the date of the borrowing until completion of the project, with interest earned on invested proceeds over the same period. Net interest cost capitalized in the Environmental Protection Division Fund and Aviation Fund amounted to \$108,009 for the year ended June 30, 2000.

K. Compensated Absences

The liability for compensated absences, which represents the City's commitment to fund such costs from future operations, is reported in the General Long-term Debt account group. The liability reported as compensated absences includes vested and accumulated vacation leave and sick leave benefits that are not expected to be liquidated with current fiscal year available financial resources. Vested or accumulated vacation and sick leave of the enterprise funds are recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick-pay benefits. However, a liability is recognized for that portion of accumulating sick-leave benefits that it is estimated will be taken as terminal leave prior to retirement.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

1. Summary of Significant Accounting Policies (continued)

L. Insurance

The City is self-insured for health care claims, workers' compensation and general liability. Health care claims are recorded as expenditures. Workers' compensation and general liability claims are recorded in the General Fund and other applicable funds as expenditures. At year end all claims settled but unpaid are recorded as liabilities in the General Fund and estimated liabilities for claims incurred but not reported and claims not settled are reflected in the General Long-term Debt Account Group. The liability is established based on independent actuarial studies that consider the City's past loss experience and current trends.

In addition, health insurance coverage similar to that available to other City employees is available to retirees at their own expense.

M. Advances / Non-current Receivables

Advances/non-current receivables to and advances from governmental funds represent non-concurrent portions of receivables and payables. The governmental fund making the advance/non-current receivables establishes a fund balance reserve equal to the amount of the advance. The General Fund and Capital Projects Fund, both governmental funds, have made such advances to the Aggregation Fund and the Manchester Housing and Redevelopment Authority concerning the Civic Center, respectively.

N. Revenue Stabilization

Per City Ordinance, Section 35.084, a revenue stabilization reserve account was established in the General Fund. At the close of each fiscal year, one-half of any General Fund operating surplus shall be transferred by the Finance Officer to a special nonlapsing revenue stabilization reserve account.

In the event of a General Fund operating deficit at the close of any fiscal year, the Finance Officer shall notify the BMA of such deficit and request that sufficient funds, to the extent available, be transferred from the revenue stabilization reserve account to eliminate such deficit. Such a transfer shall be requested only when both of the following conditions have been met:

- (i) A General Fund operating deficit occurred for the most recently completed fiscal year; and
- (ii) Unrestricted General Fund revenues in the most recently completed fiscal year were less than the budget forecast.

The amount of said transfer requested shall not exceed a sum equal to the lower of the amount of the deficit in subparagraph (i) or the revenue shortfall in subparagraph (ii). Upon receipt of approval from the BMA, the Finance Officer shall immediately transfer the sums so approved to the General Fund undesignated fund balance.

No available balance in the revenue stabilization reserve account shall be utilized for any purpose other than those authorized above, and without the specific approval of two-thirds of the aldermen elect.

If, after all the requirements have been met and the balance in the revenue stabilization reserve account is in excess of an amount equal to 5 percent of the actual General Fund and School District, operating expenditures for the most recently completed fiscal year, then such excess shall be transferred, without further action, to the General Fund unrestricted fund balance.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

1. Summary of Significant Accounting Policies (continued)

O. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds including expenditures and transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers, which are included in the results of operations of both governmental and proprietary funds. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.

P. Long-Term Debt

The City reports long-term debt of governmental funds in the General Long-term Debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the General Long-term Debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds for proprietary funds, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method for issuance and the effective interest method for premiums and discounts. Bond payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

Q. Investment Income

Income earned on investments in the Capital Projects Fund and most special revenue funds is recorded as income of the General Fund.

R. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute expenditures or liabilities.

S. Total (“Memorandum Only”) Columns

Total columns on the combined financial statements captioned “Memorandum Only” have been added to certain statements for the primary government and the reporting entity. The total columns include interfund activity and are not comparable to consolidated financial statements, but are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. The primary government includes the blended component units and all funds, organizations, account groups, agencies, boards, commissions and authorities that are not legally separate from the City. The reporting entity includes the primary government and its component units.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

1. Summary of Significant Accounting Policies (continued)

T. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the report period. Actual results could differ from those estimates.

U. Land Held for Resale

The City holds property for resale. The carrying value of this property includes the purchased price plus the cost of any improvements. When the property is sold the cost of the portion sold is charged to expenditure.

V. Fund Equity

Fund Balances of governmental fund type, expendable and pension trust funds are classified in three separate categories. The three categories, and their general meanings, are as follows:

Reserved fund balance - indicates that portion of fund equity which has been legally segregated for specific purposes.

Designated fund balance - indicates that portion of fund equity for which the City has made tentative plans.

Undesignated and unreserved fund balance - indicates that portion of fund equity which is available for appropriation and expenditure in future periods.

The Enterprise Funds' contributed capital represents equity acquired through capital grants and capital contributions from customers, developers or other funds.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

2. Stewardship, Compliance and Accountability

A. Budgets and Budgetary Accounting

Pursuant to the City's Charter, Section 6.01, the City adopts an annual budget for all General Fund functions and certain enterprise functions (the Water Works enterprise fund operates on a nonappropriated budgetary basis). The legal level of budgetary control is the object level. The special revenue and capital project funds are appropriated through a five-year capital improvement plan.

All portions of the annual City budget and the MSD budget are prepared under the direction of the Mayor. The Mayor establishes the procedures applicable to the preparation and adoption of the annual budget. Budgets include all proposed expenditures and the proposed use of all anticipated revenues. All departments, agencies, and officers submit detailed statements of departmental budget requests to the Mayor per established procedures.

The Mayor develops budget recommendations on appropriations and revenues and submits the recommendations to the BMA on or before the last day of March of each year. Departmental appropriations are made on a bottom-line basis. Benefits and non-departmental items are appropriated apart from the departmental budgets.

The Finance Committee of the BMA reviews the proposed budget recommendations presented by the Mayor. The BMA may increase, reduce or reject any item in the budget submitted by the Mayor. A public hearing is required to be conducted. A majority vote of the BMA is required to adopt the budget appropriation resolutions and is to be completed not later than the second Tuesday in June. The Mayor has line item veto authority.

If the BMA fail to adopt appropriation resolutions, the budget, as originally submitted by the Mayor, shall become the budget.

If during the fiscal year the Mayor certifies, after consultation with and verification by the Finance Officer, that there are available for appropriation revenues in excess of those estimated in the budget, the BMA may make supplemental appropriations for the year up to the amount of such excess, after observing the budget procedures set forth in section 6.04 of the City Charter.

If at any time during the fiscal year it appears probable to the Mayor, after consultation with and verification by the Finance Officer, that the revenues or fund balances available will be insufficient to finance the expenditures for which appropriations have been authorized, the Mayor shall report to the BMA without delay, indicating the estimated amount of the deficit, any remedial action taken by the Mayor and recommendations as to any other steps to be taken. The BMA shall then take such further action as it deems necessary to prevent or reduce any deficit and for that purpose it may reduce one or more appropriations.

Budget control is established by object categories within the departmental budgets. Departmental budget transfers from one object category to another must be approved by the Finance Officer prior to approval of the BMA. The Finance Officer is responsible for establishing controls related to the management and monitoring of the budget to prevent expenditures from exceeding budgeted appropriations.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

2. Stewardship, Compliance and Accountability (continued)

Encumbrance accounting is employed in governmental funds. On the GAAP basis, encumbrances (e.g. purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

The City employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statements of Revenues and Expenditures - Budgetary Basis, presents the "actual" results to provide a comparison with the budgets.

The major differences between the budgetary basis and the GAAP basis are:

- (a) Tax revenues are recorded when cash is received (budgetary), as opposed to when susceptible to accrual (GAAP).
- (b) Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no firm liability exists.

B. Budget/GAAP Reconciliation

Reconciliation of the reported revenues and expenditures of the general fund between the budgetary basis and the GAAP basis are presented below:

	<u>Revenues</u>	<u>Expenditures</u>
Statement of revenues and expenditures and changes in fund balance - budgetary basis	\$ 94,250,103	\$ 87,735,183
Current year encumbrances		(1,090,113)
State retirement contributions	553,113	553,113
Tax revenues of 1999 recognized in 2000	3,863,919	
Tax revenues of 2000 deferred until 2001	(2,292,542)	
Premium and Discount from refunding bonds	149,838	183,795
Expenditures of prior year encumbrances		1,441,857
Statement of revenues, expenditures and changes in fund balances (in conformity with GAAP)	<u>\$ 96,524,431</u>	<u>\$ 88,823,835</u>

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

3. Cash, Cash Equivalents and Investments

Primary Government

Cash and cash equivalents consist of the following types of accounts at June 30, 2000.

	Restricted Deposits	\$ 8,211,230
	Deposits	\$ (10,463,136)
(1)	Repurchase Agreements	58,284,747
(1)	Money Market / Index Funds	1,599,494
(1)	NH - PDIP Unclassified	24,838,629
(1)	MDC - Vanguard	59,283
		<u>\$ 82,530,247</u>

(1) See categorization under investments.

The City pools substantially all cash, except for separate cash accounts, which are maintained in accordance with legal restrictions.

Written contracts relative to third party holders of collateral or establishing each party's rights with regard to repurchase agreements are entered into by the City. Banks through which repurchase notes are written maintain their collateral in an investment book entry account with the Federal Reserve. For certain contracts collateral is separate from the bank's assets, while for other contracts it is not separate. Repurchase agreements are entered into only with financial institutions; no brokers or dealers are involved in these transactions. The following tables present collateral information for the City's deposits for all funds.

Category A: Fully insured or collateralized with securities held by the City or its agent in the City's name.

Category B: Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category C: Uncollateralized

	Category			Total Bank Balance	Carrying Amount
	A	B	C		
Pooled Deposits					
Demand deposits	\$ 1,528,982		\$ 9,270	\$ 1,538,252	\$ (10,463,136)
Restricted Deposits	6,507,424		1,703,806	8,211,230	8,211,230
Total Deposits	<u>\$ 8,036,406</u>	<u>\$ -</u>	<u>\$ 1,713,076</u>	<u>\$ 9,749,482</u>	<u>\$ (2,251,906)</u>

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

3. Cash, Cash Equivalents and Investments (continued)

In accordance with GASB Statement 3, investments are classified as to risk by the three categories described below:

- Category 1: Insured or registered in the City's name, or securities held by the City or its agent in the City's name.
- Category 2: Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the City's name.
- Category 3: Uninsured and unregistered, with securities held by the counter-party or by its trust department or agent but not in the City's name.

	Category			Carry and Fair Value
	1	2	3	
US Treasury Notes		\$ 10,034,686		\$ 10,034,686
US Government Securities			\$ 13,839,452	13,839,452
Corporate Bonds			415,925	415,925
Common Stocks			1,779,340	1,779,340
Mortgage Backs and CMO's			121	121
Equity Funds			684,872	684,872
Sub-Total	-	10,034,686	16,719,710	26,754,396
Restricted Investments		71,581,141		71,581,141
Total	\$ -	\$ 81,615,827	\$ 16,719,710	\$ 98,335,537
Cash Equivalents				
Repurchase Agreements		58,284,747		\$ 58,284,747
Non-Categorized Items				
Index Funds				1,599,494
NH - PDIP Unclassified				24,838,629
MDC - Vanguard				59,283
	\$ -	\$ 139,900,574	\$ 16,719,710	\$ 183,117,690

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

3. Cash, Cash Equivalents and Investments (continued)

Component Units

The following tables categorize the cash and cash equivalents, and investments of the City's component units.

	<u>Total Bank Balance</u>	<u>Carrying and Fair Value</u>
<u>Manchester School District *</u>		
Demand deposits	\$ 2,821,454	\$ 3,375,685
Total	<u>\$ 2,821,454</u>	<u>\$ 3,375,685</u>
<u>Manchester Transit Authority **</u>		
Demand deposits	\$ 127,482	\$ 1,181,926
Repurchase Agreements	1,083,476	
Total	<u>\$ 1,210,958</u>	<u>\$ 1,181,926</u>
<u>Contributory Retirement System ***</u>		
US Government Securities		\$ 1,157,078
Corporate bonds		9,953,443
Common stocks		48,632,226
Other		911,386
International Equity Funds		17,520,827
Fixed Income		10,372,261
Emerging Market Funds		3,461,421
Cash & Equivalents		495,233
CBM Inc. - (related party)		860,300
Total at December 31, 1999		<u>\$ 93,364,175</u>

* Amounts are collateralized as Category A as defined above.

** Amounts are classified as Category 2 as defined above.

*** Amounts are classified at Fair Value and applicable investments are categorized in Category 3 as defined above.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

4. Taxes and Abatements

The principal tax of the City is the tax on real property. The State has no cap or limit as to the rate or amount of tax a municipality may raise. The municipality's annual property tax rate is established by the Commissioner of the Department of Revenue Administration of the State, based on reports filed with the State. A single tax is levied for general, county and school purposes. The "assessment year" for taxing purposes runs from April 1 to March 31 of the following year.

The City bills and collects its property taxes in two installments. The levy dates are June 1 and November 1 and the due dates for these semi-annual tax billings are July 1 and December 1. Property taxes are recorded as a receivable, net of estimated allowance for abatements. Property tax revenues have been recorded using the modified accrual basis of accounting as described in Note 1.

Real property (land and buildings) is subject to a lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy and insolvency laws). The City places a lien on delinquent property taxes prior to May 1 of the following assessment year. From the date of the tax lien, a two-year period of redemption is allowed the owner, during which time payment of taxes, interest and costs will be accepted and the lien released.

Interest accrues on delinquent taxes at a rate of 12 percent per annum from the due date to the date of payment. During the redemption period, 18 percent interest per annum is charged. Beyond the two-year period of redemption the City has the right to foreclose on properties for which taxes have not been paid. Properties are deeded to the City unless either the lien has been sold by the City, or the City has notified the tax collector that it will not accept the deed because acceptance could result in liability under environmental statutes imposing strict liability on owners. Except for any paramount federal lien and subject to bankruptcy and insolvency laws, tax liens take precedence over all other liens, and tax collector's deeds are free and clear of all encumbrances.

In December 1997, the New Hampshire Supreme Court declared that the property tax to fund education is a State tax, and therefore must be administered in a manner that is equal in valuation and uniform in rate throughout the State.

Chapter 17 of the Laws of 1999 became effective in 1999. The law includes a definition of "adequate education" for New Hampshire schools and establishes an "Education Trust Fund" and a formula for providing state financial assistance to local school districts.

The primary means of State funding for the Education Trust fund is a uniform statewide property tax under which some of the levies from more prosperous ("property rich" or "donor") communities will be collected by the State and redistributed to less affluent ("property poor" or "recipient") school districts. The law established a uniform tax rate of \$6.60 per thousand of total equalized value (not including utility property or local exemptions). The new state aid property tax is assessed and collected in virtually the same manner in which property taxes have been administered in the past with one primary exception, donor communities will be required to send amounts in excess of what is required locally for an adequate education to the State for redistribution to recipient districts. The MSD is a recipient district.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

5. Receivables

Primary Government

General fund receivables at June 30, 2000, consisted of the following:

Due from State of New Hampshire	\$ 2,433,373
Prior year tax liens	761,035
Tax titles	2,644,697
Other	712,918
	<u>\$ 6,552,023</u>

Special Revenue Fund receivables consisted of amounts due from state and federal agencies for various grant programs.

Enterprise funds

Enterprise fund receivables at June 30, 2000, consisted of the following:

Due from federal government under reimbursement type grants	\$ 1,396,808
Due from State of New Hampshire and other governmental entities	6,873,333
Accounts receivable-trade	2,910,782
Other	4,698,197
	<u>\$ 15,879,120</u>

The receivables from the State of New Hampshire and other governmental entities represent their contractual commitment to reimburse the City for the repayment of debt incurred to build its wastewater treatment and related facilities.

Component Units

Component Units receivables at June 30, 2000, consisted of the following:

	<u>MSD</u>	<u>MTA</u>
Accounts receivable - Charges for Services	\$ 8,849,057	\$ 460,377
Other	<u>-</u>	<u>411,446</u>
	<u>\$ 8,849,057</u>	<u>\$ 871,823</u>

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

6. Interfund Receivables and Payables

Due from/to other funds consist of the following at June 30, 2000:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency	\$ 1,020,573
	Special Revenue:	
	CDBG	635,400
	Aggregation advances	1,538,038
	Aviation	4,409,086
		<u>7,603,097</u>
Water Works	Expendable Trust	<u>338,077</u>
	Total - All Funds	<u><u>\$ 7,941,174</u></u>

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City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

7. Property and Equipment

Primary Government

Changes in the General Fixed Assets account group for the year ended June 30, 2000, were as follows:

	Balance 30-Jun-99 (As restated)	Additions	Retirements	Transfers	Balance 30-Jun-00
Land	\$ 15,053,089	\$ 5,502	\$ (107,382)	\$ 91,841	\$ 15,043,050
Buildings	106,411,525	51,898	(226,951)	422,441	106,658,913
Improvements other than buildings	8,237,342	4,250	(74,504)		8,167,088
Equipment	13,184,593	786,081	(9,116,727)		4,853,947
Vehicles	13,437,180	1,441,486	(719,912)		14,158,754
Construction-in-Progress	9,963,865	15,138,637	-	(514,282)	24,588,220
Total General Fixed Assets	<u>\$ 166,287,594</u>	<u>\$ 17,427,854</u>	<u>\$ (10,245,476)</u>	<u>\$ -</u>	<u>\$ 173,469,972</u>

Enterprise Fund

Property and equipment in the Enterprise Funds at June 30, 2000, consisted of the following:

Land	\$ 10,302,043
Buildings	202,450,007
Improvements other than buildings	48,200,576
Interceptors and equipment	72,462,913
Construction-in-Progress	161,592,046
Total Fixed Assets	495,007,585
Less accumulated depreciation	(115,092,998)
	<u>\$ 379,914,587</u>

Discretely Reported Component Units

Property and equipment in the Component Units at June 30, 2000, consisted of the following:

	Balance 30-Jun-99	Additions	Retirements	Balance 30-Jun-00
<u>Manchester School District</u>				
Equipment & Vehicles	<u>\$ 8,241,612</u>	<u>\$ 941,032</u>	<u>\$ (15,000)</u>	<u>\$ 9,167,644</u>
<u>Manchester Transit Authority</u>				
Land				\$ 129,109
Buildings				1,807,598
Equipment				6,528,518
Total Fixed Assets				8,465,225
Less accumulated depreciation				(6,049,877)
				<u>\$ 2,415,348</u>

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

8. Bonds and Notes Payable

Primary Government

General Long-Term Debt account group:

Fiscal year	Capital Appreciation	Principal	Interest	Total
2001	\$ 869,885	\$ 16,524,126	\$ 3,585,996	\$ 20,980,007
2002	921,685	16,392,562	3,098,349	20,412,596
2003	719,629	14,011,942	3,856,523	18,588,094
2004	414,226	12,760,678	3,626,895	16,801,799
2005		11,845,578	3,428,628	15,274,206
Thereafter to Maturity		55,859,682	10,010,660	65,870,342
Total General Long-Term Debt Account Group	<u>\$ 2,925,425</u>	<u>\$ 127,394,568</u>	<u>\$ 27,607,051</u>	<u>\$ 157,927,044</u>

Enterprise funds:

Fiscal year	Principal	Interest	Total
2001	\$ 6,720,447	\$ 11,929,262	\$ 18,649,709
2002	7,247,300	12,527,392	19,774,692
2003	7,503,670	12,169,479	19,673,149
2004	7,625,956	11,820,456	19,446,412
2005	7,207,502	11,451,840	18,659,342
Thereafter to maturity	218,131,076	144,627,333	362,758,409
Debt Service Requirement	254,435,951	204,525,762	458,961,713
Less Bond Discount	<u>(3,566,658)</u>		<u>(3,566,658)</u>
Total Enterprise Funds	<u>\$ 250,869,293</u>	<u>\$ 204,525,762</u>	<u>\$ 455,395,055</u>

The debt service requirements of the City's outstanding general obligation bonds, revenue bonds and notes payable at June 30, 2000 are as follows:

Interest rates for the City's outstanding bonds range from 4.00% to 8.70%. At June 30, 2000 the City's legal debt limit was \$331,666,467. Authorized, but unissued, bonds for June 30, 2000 were \$131,495,823, of which approximately \$72,323,732 was for Enterprise Funds. Authorized, unissued bonds for June 30, 2000 include \$65,705,000 for refunding bonds; \$50,000,000 for Airport and \$15,705,000 for the General Fund and \$22,000,000 to purchase pension obligation bonds, with the balance dedicated for various infrastructure improvements. The full faith, credit and revenue-raising powers of the City have been pledged to secure these bonds.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

8. Bonds and Notes Payable (continued)

For June 30, 2000 an amount of \$5,118,233 was recorded in the General Long-term Debt account group for the accretion of interest on the capital appreciation bonds.

During the year ended June 30, 2000, the following changes occurred in long-term liabilities reported in the General Long-term Debt account group and the enterprise funds:

<u>General Long-term Debt Account Group</u>	Balance 30-Jun-99 as restated	Additions/ Accretions	Reductions	Balance 30-Jun-00
Bonds payable	\$ 107,348,779	\$ 39,608,086	\$ 19,562,297	\$ 127,394,568
Compensated absences	14,442,028		10,097,452	4,344,576
Insurance claims	5,598,985		618,342	4,980,643
Supplemental benefits at retirement	1,971,872		1,971,872	-
Capital appreciation bonds	4,297,464	820,769		5,118,233
Net Pension Obligations	66,359	141,071		207,430
Landfill closure and post-closure care	19,734,216		234,040	19,500,176
	<u>\$ 153,459,703</u>	<u>\$ 40,569,926</u>	<u>\$ 32,484,003</u>	<u>\$ 161,545,626</u>
<u>Enterprise Funds:</u>				
General Obligation Debt	\$ 35,536,295	\$ 6,256,915	\$ 4,137,259	\$ 37,655,951
Revenue Bonds, net of unamortized Original Issue Discount	160,885,212	55,990,000	3,661,870	213,213,342
	<u>\$ 196,421,507</u>	<u>\$ 62,246,915</u>	<u>\$ 7,799,129</u>	<u>\$ 250,869,293</u>

The EPD Fund has three loan agreements with original principal balances amounting to \$25,418,382 with the State of New Hampshire, State Water Pollution Control Revolving Fund (SRF) program for the purpose of financing certain projects in connection with the expansion of the wastewater treatment facility and water pollution abatement project. The remaining principal due as of June 30, 2000 totaled \$19,842,454.

Additionally, five projects are currently utilizing the services of the SRF. These projects are in various stages of the construction or completion phase of the project. Four of the DES eligible projects are classified as EPD Enterprise, while the single exception, the Sanitary Landfill Closure carries a general fund genre. The total indebtedness that remains unamortized as of June 30, 2000 is \$ 23,073,038, comprised of \$ 17,045,948 and \$ 6,027,090, for EPD and general fund projects, respectively.

On July 1, 1999, the City advance refunded \$3,995,000 of general obligation bonds that had an average interest rate of 6.35% with \$4,295,000 of general obligation refunding bonds that had an average interest rate of 3.82%. The net proceeds of \$4,252,111 (after payment of \$13,942 in underwriting fees, insurance, and other issuance costs and an original issue discount and contingency of \$20,016) were used to purchase government obligations. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments from FY 2000 forward on the refunding bonds. As a result, these bonds are considered to be defeased from FY 2000 forward, and the applicable portion of the liability for those bonds has been removed from the balance sheet. The amount of defeased bonds still outstanding at June 30, 2000, amounted to \$3,995,000.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

8. Bonds and Notes Payable (continued)

The City advance refunded these bonds to reduce its total debt service payments of the general fund over the next 20 years by approximately \$225,928 and to obtain an economic gain of approximately \$121,151. The advance refunding resulted in the recognition of an extraordinary loss of \$23,903 in the Enterprise Funds for the year ended June 30, 2000.

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. On June 30, 2000 \$4,555,000 of bonds outstanding are considered defeased.

Manchester Housing and Redevelopment Authority

In March 2000, the Manchester Housing and Redevelopment Authority, New Hampshire the ("MHRA") issued \$49,772,909 in revenue bonds to construct the Manchester Civic Center. The MHRA is a public body corporate and politic, established pursuant to Chapter 203 of the New Hampshire Revised Statutes. The MHRA does not meet the definition of a component unit of the City of Manchester, New Hampshire under GASB No. 14.

The MHRA and the City entered into a Financing Agreement in which the City has agreed for the purpose of repaying the MHRA for the cost of financing the Civic Center Project, the the Mayor will include an appropriation request in the annual budget submission to the City's Board of Mayor and Aldermen payable from the Meals and Rooms Taxes imposed by the State and and paid to the City in excess of \$454,927 in each fiscal year in an amount sufficient to pay the installment payments required under the Financing Agreement between the City and MHRA. There is however no assurance that the Board of Mayor and Aldermen will appropriate such funds on an annual basis or that sufficient Meals and Rooms Taxes collected by the City will cover the debt service requirements of the MHRA Revenue Bonds. The Revenue Bonds due not represent or constitute indebtedness of the City of Manchester.

Upon completion of the Civic Center, the City which is the owner of the site, will lease back the Civic Center from the MHRA , and will be obligated to pay rent under the lease with the MHRA.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

9. Equity and Other Credits

Under terms of the agreements, principal and interest are payable in annual installments commencing within a stated period subsequent to the completion of the project. The loan agreements have terms ranging from five to twenty years with interest rates ranging from 1.3% to 4.2%.

Primary Government

The changes in the governments' contributed capital and retained earnings accounts for its proprietary funds were as follows:

	Contributed Capital	Retained Earnings		Total
		Reserved	Unreserved	
Balance June 30, 1999 as restated	\$ 129,177,621	\$ 5,398,299	\$ 78,554,085	\$ 213,130,005
Capital contributions	6,116,493			6,116,493
Net income			8,160,924	8,160,924
Transfer		9,720,870	(9,720,870)	-
Depreciation of assets funded by user contributions and grants	(7,059,190)		7,059,190	-
Acquisition of equipment		(557,708)	557,708	-
Fixed assets disposal	(2,320)			(2,320)
Balance June 30, 2000	<u>\$ 128,232,604</u>	<u>\$ 14,561,461</u>	<u>\$ 84,611,037</u>	<u>\$ 227,405,102</u>

In accordance with the 1992 State Guaranteed Airport Revenue Bonds and the 1998 General Airport Revenue Bond and the FAA, \$8,017,703 has been designated in the Aviation Fund. In addition, EPD and Water Works have designated \$116,459 and \$585,499 respectively for future equipment and insurance.

Component Units

The changes in the governments' contributed capital accounts and fund equity for proprietary component units were as follows:

	Contributed Capital	Fund Balance Reserved	Retained Earnings		Total
			Reserved	Unreserved	
Balance June 30, 1999	\$ 885,014	\$ 83,450,037	\$ 1,433,935	\$ 1,829,710	\$ 87,598,696
Capital contributions	512,089				512,089
Net income		9,852,956	143,003	(80,689)	9,915,270
Depreciation of assets funded by user contributions and grants	(216,785)				(216,785)
Balance June 30, 2000	<u>\$ 1,180,318</u>	<u>\$ 93,302,993</u>	<u>\$ 1,576,938</u>	<u>\$ 1,749,021</u>	<u>\$ 97,809,270</u>

Reserved fund balance represents \$93,302,993 for employee retirement benefits and reserved retained earnings represents \$1,576,938 for bus replacements.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

10. Employee Benefit Plans

All full-time employees of the City participate in one of the City's pension plans or the New Hampshire Retirement System (NHRS).

City Plans

The vast majority of employees of the City participate in the City's pension plan known as the New System. Certain employees of the City participate in a prior pension plan known as the Old System. In addition, a limited number of former police and fire department employees covered by the NHRS also qualify for supplementary benefits that are administered and paid for by the City.

New System

In 1974, the City established a single-employer public employee retirement system (the "New System") to provide pension benefits to employees other than firefighters, police officers, teachers and employees previously covered under the "Old System" described below. Manchester School District administration employees are covered under this plan.

All covered employees hired after January 1, 1974 are required to participate in the New System as a condition of employment. Employees are 100% vested after five years of service. The retirement benefit is calculated at 1-1/2% of average total compensation during the highest three years of service in the last ten years of service (hereafter average compensation), multiplied by the years of service prior to January 1, 1999 plus 2% after January 1, 1999 of average compensation multiplied by the years of service after January 1, 1999. There is a minimum benefit of 50% of average compensation for employees hired prior to January 1, 1974 who complete 20 years of service and attain age 62 before retirement or have combined age and years of service over specified amounts. All eligible employees are required to contribute 2-1/2% of their salaries to the New System prior to January 1, 1999 and 3-3/4% of their salaries after January 1, 1999. If an employee leaves covered employment or dies before five years of service, accumulated employee contributions and earnings thereon at rates determined annually by the New System Board of Trustees (5%, respectively, for the periods ended June 30, 2000 and 1999) are refunded. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees. Benefit provisions and contribution requirements are established by the City and may be amended only by the BMA, subject to approval of the voters of the City through referendum.

Membership in the Plan consisted of the following at December 31, 1999, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	458
Terminated vested members	71
Current employees	
Vested	687
Nonvested	440
	<hr/>
Total Participants	<u>1,656</u>

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

10. Employee Benefit Plans (continued)

The City's plans, by policy, (i) require annual actuarial valuations, with yearly updates, and (ii) require annual City contributions based on actuarial determinations. During the year of actuarial valuation, the City has historically contributed the annual required contribution ("ARC") of the pension plan. Any difference between the ARC and the actual contribution made has been settled by the next actuarial valuation date, and thus the City has never actually had, or had need to report, a net pension obligation ("NPO").

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
1999	\$ 796,552	100%
1998	514,216	100%
1997	543,835	100%
1996	504,328	100%
1995	1,006,237	100%
1994	1,644,710	100%
1993	1,602,104	100%
1992	1,104,396	100%

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Unfunded Actuarial Accrued Liability (Surplus) (b)	Actuarial Accrued Liability (c)	Funded Ra- tio (a)/(c)	Covered Payroll (prior year)
12/31/99	\$ 82,584,305	\$ (3,263,538)	\$ 79,320,767	104.1%	\$ 29,581,577
12/31/98	\$ 72,569,967	\$ (1,494,444)	\$ 71,075,523	102.1%	\$ 28,255,208
12/31/97	\$ 65,839,177	\$ (4,296,452)	\$ 61,542,725	107.0%	\$ 26,961,375
12/31/96	\$ 59,838,164	\$ (3,121,758)	\$ 56,716,406	105.5%	\$ 24,418,320
12/31/95	\$ 55,546,837	\$ (2,973,375)	\$ 52,573,462	105.7%	\$ 23,320,343
12/31/94	\$ 52,488,652	\$ (636,983)	\$ 51,851,669	101.2%	\$ 23,474,172
12/31/93	\$ 49,261,280	\$ 2,445,968	\$ 51,707,248	95.3%	\$ 25,154,062
12/31/92	\$ 44,821,107	\$ 2,601,329	\$ 47,422,436	94.5%	\$ 24,611,339

Investments are reported at fair value based on quoted market rates. Investment income is recognized as earned. Gains and losses on sales and exchange of investments are recognized on the transaction date.

Additional information as of the latest actuarial valuation follows:

Mortality:	The 1983 Group Annuity Mortality Table
Investment Return:	7.5% per year compounded annually, net of expenses
Compensation Increases:	Under 35 – 5.5%; 35 to 49 – 5%; 50 and over – 4.5%
Valuation Compensation:	Equal to the annualized reported compensation in the prior year adjusted by the compensation increase assumption to account for anticipated increases during the current year
Employee Withdrawal:	Age 20 to 50 – up to 12.5%

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

10. Employee Benefit Plans (continued)

Old System

Prior to January 1, 1974, all eligible City employees participated in the Old System. All employees hired before January 1, 1974 were given the option to remain in the Old System or participate in the New System. The Old System was replaced by the New System and only operates to cover the remaining participants. All employees covered under the Old System are fully vested. Benefits under the Old System are limited to retirement benefits without death benefits to survivors. The City does not fund costs of this plan on an actuarial basis. Benefits are recognized as expenditures of the General Fund on a pay-as-you-go basis. At June 30, 2000, the Old System membership consisted of:

Members currently receiving benefits	156
Active Vested Members	27
Total Members	<u>183</u>

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Plan Year ended June 30	Annual required contributions	Percentage contributed *
1994	\$ 2,000,000	100%
1995	1,915,000	100%
1996	1,999,000	100%
1997	1,713,000	100%
1998	1,728,000	100%
1999	2,048,811	96.8%
2000	2,158,104	93.4%

The City's annual pension cost and net pension obligation to the Plan for the current year were as follows:

Annual required contribution	\$2,158,104
Interest on net pension obligation	4,977
Adjustment to annual required contribution	<u>(6,431)</u>
Annual pension cost	2,156,650
Contributions made	<u>2,015,579</u>
Increase in net pension obligation	141,071
Net pension obligation beginning of year	<u>66,359</u>
Net pension obligation end of year	<u>\$ 207,430</u>

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

10. Employee Benefit Plans (continued)

Three year trend information

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of <u>APC Contributed</u>	Net Pension <u>Obligation</u>
6/30/1998	\$ 1,728,000	100%	\$ 0
6/30/1999	\$ 2,048,811	96.8%	\$ 66,359
6/30/2000	\$ 2,156,650	93.4%	\$ 207,430

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Ac- rued Liability (AAL) P.U.C.	Ununded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Pay- roll
07/01/1996	\$ -	\$ 23,028,460	\$ 23,028,460	0.00%	\$ 1,557,720	1,478.34%
07/01/1997	N/A	N/A	N/A	N/A	N/A	N/A
07/01/1998	-	22,453,076	22,453,076	0.00%	1,417,158	1,584.37%
07/01/1999	-	22,269,566	22,269,566	0.00%	1,326,886	1,678.33%
07/01/2000	-	22,085,349	22,085,349	0.00%	1,097,032	2,013.19%

Additional information as of the latest actuarial valuation follows:

Valuation date	07/01/2000
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	18 years
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.5%

NHRS Related Supplementary Benefits Plan

The City pays supplementary benefits of up to 50% of the last annual wage for any City employee who participates in the NHRS, was hired before June 30, 1972, and does not receive a pension benefit from the NHRS equal to at least 50% of the last annual wage. These costs are accounted for on a pay-as-you-go basis in the general fund.

At June 30, 2000, the membership consisted of:

Members currently receiving benefits	<u>58</u>
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New Hampshire Retirement System

The City contributes to the New Hampshire Retirement System (the "System"), a cost-sharing, multiple-employer defined benefit pension plan administered by the state retirement board. The System provides retirement and disability and death benefits to plan members and beneficiaries. Revised Statutes Annotated 100-A41-a of New Hampshire Law assigns the system the authority to establish and amend benefit provisions of the plan and grant cost-of-living increases. The System issues a publicly available finan-

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

10. Employee Benefit Plans (continued)

cial report which can be obtained through the New Hampshire Retirement System at 4 Chennel Drive, Concord, New Hampshire 03301-8509.

Plan members are required to contribute between 3.86% and 9.30% of annual covered compensation to the pension plan. The City makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16 and ranges from 2.18% to 4.87% of covered compensation.

The City's contributions to the system, consisting of firefighters and police officers, for the year ended June 30, 2000 was \$1,024,022 and was equal to the required contributions. The City has recognized both revenue and expenditures of \$553,113 on behalf of contributions made by the State of New Hampshire to the NHRS.

Component Units – Manchester Transit Authority – Pension Plan

The Manchester Transit Authority has a defined contribution plan covering all employees. Employees must complete a 90-day waiting period, and are fully vested after seven years. The MTA and its employees contribute to the plan based on a forty-hour week as follows:

MTA	\$0.55/hour
Employees	\$0.40/hour

MTA contributions for the year ended June 30, 2000 totaled \$47,520. Covered payroll was approximately \$1,326,697 out of a total payroll of \$2,115,290. The MTA's contribution represents 4.0% of covered payroll. The employees contributed \$34,560.

11. Segment Information

Primary Government

The City maintains five enterprise funds: Water Works Fund, EPD Fund, Aviation Fund, Recreation Fund and the Aggregation Fund, which provide water, sewer, airport, recreational services, and energy services respectively.

	Water Works Fund	EPD Fund	Aviation Fund	Recreation Fund	Aggregation Fund	Total
Operating revenues	\$ 9,033,516	\$ 11,034,800	\$ 23,888,186	\$ 1,859,319	\$ 13,888	\$ 45,829,709
Depreciation/amortization	2,067,378	3,745,341	7,472,281	218,192	91,108	13,594,300
Operating income (loss)	776,110	1,949,390	3,079,382	(103,061)	(401,426)	5,300,395
Net income (loss)	703,539	2,844,986	5,175,809	(76,702)	(486,708)	8,160,924
Capital contributions	1,820,158	1,021,123	6,007,450	-	-	8,848,731
Property additions, net	3,056,246	2,910,031	51,352,335	(345,913)	42,846	57,015,545
Net working capital	68,830,266	134,638,424	301,487,424	4,220,568	430,018	509,606,700
Bonds and notes payable	9,668,026	26,547,125	213,213,342	1,330,800	110,000	250,869,293
Receivables	2,023,506	10,540,250	3,096,341	160,361	58,662	15,879,120
Total equity	57,986,270	92,697,129	75,192,427	2,753,200	(1,223,924)	227,405,102
Total assets	69,060,391	134,638,424	301,725,955	4,221,510	430,018	510,076,298
Due to other funds	-	-	4,409,086	-	1,538,038	5,947,124

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

12. Contingent Liabilities and Insurance

There are various claims and legal actions pending against the City for which no provision has been made in the financial statements. In the opinion of the City Solicitor and other City officials, liabilities arising from these claims and legal actions, if any, will not be significant.

The City has received federal grants for specific purposes that are subject to review and audit by the federal government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be significant.

The City's insurance coverage consists of both self-insured programs and policies maintained with various carriers. Coverage has not been materially reduced nor have settled claims exceeded commercial coverage in any of the past three years.

Changes in the balances of claims liabilities recorded by the City during the past two years are as follows:

Fiscal Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2000	5,559,000	6,791,793	6,455,000	5,935,793
1999	8,607,000	11,084,000	14,092,000	5,599,000

Accident and Health

Accident and health claims are administered through a private carrier. The City is self-insured under this program. The City has recorded \$955,150 in the General Fund for claim liabilities at year end.

Property

Property insurance is maintained with a commercial insurer and provides for a deductible of \$100,000 for each claim and an overall coverage limit of \$100,000,000.

General Liability

Liability claims are administered through a private carrier. The City is self-insured under this program, except for the Aviation Fund which maintains a liability insurance policy which provides coverage generally up to \$100,000,000 for each occurrence and in the aggregate in any one annual period of insurance. State law generally limits a city's liability for an incident to \$150,000 per individual and \$500,000 per incident. \$1,407,277 was recorded in the General Long-term Debt account group for fiscal year 2000 as the City's estimated liabilities for unsettled claims.

Worker's Compensation

Worker's compensation claims are administered through a private carrier. The City is self-insured under this program for all City employees. \$3,573,366 for 2000 was recorded in the General Long-term Debt account group as the City's estimated liability for all types of claims incurred in 2000 or prior, which have not been settled.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

12. Contingent Liabilities and Insurance (continued)

Manchester School District

The MSD self insures against claims for workers compensation and most employee health coverage. Changes in the aggregate liability for claims for the year ended June 30, 2000 are as follows:

Claim Liability, July 1, 1999	\$ 483,760
Claims encured	7,506,117
Claims paid	<u>7,315,141</u>
Claim Liability, June 30, 2000	\$ <u>676,736</u>

Department of Aviation

The DA has comprehensive airport liability insurance policies with insurance companies, which provide coverage generally up to \$100,000,000 for each occurrence and in the aggregate in any one annual period of insurance. Claims are subject to a deductible of \$1,000 for each occurrence up to a maximum of \$5,000 during any one annual insurance period.

Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

Regulatory

The City was issued an Administrative Order against it by the United States Environmental Protection Agency (EPA), ordering the City to evaluate and plan for appropriate treatment of combined sewer overflows pursuant to the Federal Clean Water Act. The City believes it is in compliance with the Administrative Order and is working with Federal and State authorities in dealing with combined sewer overflows from its publicly-owned treatment works. As of June 30, 2000, there is no pending claim by the EPA or the State.

13. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations required the City to place final cover on its landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stopped accepting waste, the City reports a portion of these closure and postclosure costs as an operating expense in each period based on landfill capacity used as of the balance sheet date. The \$19,500,176 reported as landfill closure and postclosure care liability at June 30, 2000 represents the cumulative amount reported to date based on use of 100 percent of the estimated capacity of the landfill. The City closed the landfill on June 28, 1996. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City anticipates that the funding for the landfill closure costs will be provided through the issuance of general obligation bonds.

14. Prior Period Adjustments

The Aviation Fund, an Enterprise fund, originally recorded capitalization of expenses in fiscal year 2000 for \$1,171,196 which should have been recorded in fiscal year 1999. The adjustment is reflected in the restated retained earnings in the beginning balance, increasing it from \$20,999,756 to \$22,170,952.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

14. Prior Period Adjustments (continued)

The City also corrected the recording of its net pension obligation in accordance with generally accepted accounting principles. The change decreased the amount accrued for pension liabilities by \$19,254,000 in the General Long-term Debt Account Group, and \$1,935,000 in the Water Works Enterprise Fund as of June 30, 1999.

As further explained in Note 15, the City also transferred all related General Fund assets and liabilities of the Manchester School District as of June 30, 1999 to the District. However, the City has maintained all school buildings, building improvements and land in its General Fixed Asset Account Group, and the related general obligation debt in its General long-term Debt Account Group. The City did transfer to the MSD equipment in the amount of \$6,200,000 out of the General Fixed Asset Account Group as of June 30, 1999.

15. Fund Deficit

As of June 30, 2000, the CDBG and the Aggregation funds had fund deficits in the amounts of \$8,199 and \$1,223,924, respectively.

The City anticipates financing the deficits through future revenues.

16. Manchester School District

Subsequent to a Superior Court decision on May 24, 1999 to allow the Manchester School District to function more independently from the City, the City transferred balances at the end of fiscal year 1999 to MSD. The transfers consisted of the Education Special Revenue Fund and School of Technology Fund, both Special Revenue funds, for the amounts of \$201,068 and \$41,867 totaling \$242,935.

As part of the City of Manchester, MSD recorded School Food Nutritional Services (SFNS) as part of the General Fund. Presently, MSD records SFNS as a Special Revenue Fund. SFNS is still included in the aggregate financial status of MSD, which the City reports as a Governmental Discrete Component. The City and MSD are currently involved in a lawsuit in which both are seeking clarification of certain transitional issues that were brought about by the May 24, 1999 Superior Court decision. It is the opinion of the City Solicitor that the outcome of these disputes will not have a material effect on the operations of the City.

17. Issued but not Effective Accounting Standards

The Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements which will have an impact on the City are as follows:

Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", issued December 1998, will be effective for the fiscal year ending June 30, 2001. Statement No. 33 imposes new standards for the timing of the recognition of revenue in certain non-exchange transactions. Nonexchange transaction types affected are: government-mandated nonexchange transactions such as federal or state mandated programs, and voluntary nonexchange transactions such as certain grants or private contributions. Management of the City continues to study the statement provisions, and has not yet determined what effect, if any, Statement No. 33 will have on financial condition or the recognition and presentation of nonexchange transactions.

City of Manchester, New Hampshire
Notes to General Purpose Financial Statements
June 30, 2000

17. Issued but not Effective Accounting Standards (continued)

Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments," issued June 1999 will be effective for the City, based on its revenues, for the fiscal year beginning July 1, 2001. Statement No. 34, summarized below, imposes new standards for financial reporting. Management has not yet completed their assessment of this statement, however, it will have a significant effect on the overall financial statement presentation for the City.

The new financial statement guidelines embodied in Statement No. 34 are the culmination of many years of study and deliberation by the GASB.

For the first time, financial managers will be required to share their insights in a management's discussion and analysis (MD&A) that gives readers an analysis of the government's overall financial position and results of the previous year's operations.

Financial statements will be presented under a dual perspective - a government-wide perspective (new) and a fund level perspective. For the first time, the annual report will include government-wide financial statements prepared using full accrual accounting for all of the government's activities, not just those that cover costs by charging a fee for services, as was previously required. Governments will report all capital assets, including infrastructure, in a government-wide statement of net assets and will report depreciation expense, the cost of using up capital assets, in the statement of activities. Infrastructure assets will be reported, but may not be required to be depreciated under certain circumstances. The net assets of a government will be broken down into three categories: invested in capital assets, net of related debt; restricted; and unrestricted. A statement of activities will be presented in at least the same level of detail provided in the governmental fund statements; generally, expenses and program revenues by function. Program expenses will include all direct expenses; governments that allocate overhead and other indirect expenses to individual programs will show the allocation in a separate column. Special and extraordinary items will be reported separately from other revenue and expenses. This way, users will see if the government's conventional, recurring revenues and expenses balance.

Statement No. 34 requires governments to continue to present fund level financial statements with information about funds. The focus of these fund-based statements has been sharpened, however, by requiring governments to report information about their most important or major funds (those whose revenues, expenditures/expenses, assets, or liabilities are at least 10% of the total for their fund category or type (governmental or enterprise) and at least 5% of the aggregate amount for all governmental and enterprise funds), including a government's general fund. Fund-based statements for governmental activities (generally, those supported by tax revenues) will continue to report the flow of current financial resources (generally, cash and other assets that can easily be converted to cash).

To help users understand and assess the relationship between fund-based and government-wide financial statements, governments will present a summary reconciliation that will show the interplay between the two types of statements.

Governments will continue to provide budgetary comparison information in their annual reports - as required supplementary information. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

Earlier implementation is allowed.

CITY OF MANCHESTER, NEW HAMPSHIRE
Comprehensive Annual Financial Report
Year Ended June 30, 2000

General Fund - to account for all revenues and expenditures of the City which are not accounted for in the other funds. Revenues are primarily derived from property taxes, other local taxes, licenses, permits and fees, and state and federal grants.

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General Fund
Comparative Balance Sheets

City of Manchester, New Hampshire
June 30, 2000

	<u>2000</u>	<u>1999</u>
<u>Assets</u>		
Assets		
Cash and cash equivalents	\$ 28,476,185	\$ 23,076,980
Restricted cash and cash equivalents	1,061,092	1,152,189
Investments	9,075,038	2,928,868
Receivables, net of allowances for collection losses	6,552,023	12,176,547
Prepaid items	7,237	15,444
Due from other funds	7,603,097	29,518,100
Inventories	536,124	442,151
Total Assets	<u>\$ 53,310,796</u>	<u>\$ 69,310,279</u>
<u>Liabilities and Fund Equity</u>		
Liabilities		
Accounts and warrants payable	\$ 1,207,594	\$ 2,753,108
Retainage payable		4,340
Accrued liabilities	968,246	1,621,053
Insurance claims payable	955,150	1,121,366
Due to Manchester School District	4,478,862	
Deferred revenue	6,829,021	5,749,477
Taxes collected in advance	22,025,049	45,553,404
Other	1,005,406	2,140,249
Total Liabilities	<u>37,469,328</u>	<u>58,942,997</u>
Fund Equity		
Fund balances		
Reserved for		
Encumbrances	1,090,113	1,567,636
Workers' compensation	437,753	140,089
Health insurance	274,855	
General liability insurance	1,508,207	1,217,197
Inventory	536,124	442,151
Advances	1,538,038	1,022,239
Revenue stabilization	8,235,090	5,511,747
Unreserved		
Undesignated fund balance	2,221,288	466,223
Total Fund Equity	<u>15,841,468</u>	<u>10,367,282</u>
Total Liabilities and Fund Equity	<u>\$ 53,310,796</u>	<u>\$ 69,310,279</u>

**General Fund
Comparative Statements of Revenues,
Expenditures and Changes in Fund Balances**

**City of Manchester, New Hampshire
Year Ended June 30, 2000**

	2000	1999
<u>Revenues</u>		
Taxes	\$ 60,190,452	\$ 117,348,501
Federal and state grants and aid	7,302,746	17,963,054
Nonenterprise charges for sales and services	3,615,039	14,138,976
Licenses and permits	16,212,440	14,969,847
Interest	2,548,473	1,989,669
Other	6,655,281	1,384,046
Total Revenues	96,524,431	167,794,093
<u>Expenditures</u>		
Current:		
General government	17,751,003	15,082,402
Public safety	29,689,148	28,775,663
Health and sanitation	2,304,060	1,984,397
Highway and streets	18,505,080	17,426,902
Welfare	1,213,010	932,944
Education	3,049,175	79,988,320
Parks and recreation	2,790,074	2,411,070
Debt service:		
Principal retirement	9,370,788	13,893,514
Interest	3,967,702	5,840,166
Issue Costs	183,795	
Total Expenditures	88,823,835	166,335,378
Excess of revenues over expenditures	7,700,596	1,458,715
<u>Other Financing Sources (Uses)</u>		
Proceeds of refunding bonds	4,286,068	
Payment to refunded bond escrow agent	(4,252,111)	
Operating transfers in	350,100	
Operating transfers out	(2,610,467)	(1,677,826)
Total Other Financing Sources (Uses)	(2,226,410)	(1,677,826)
Excess (Deficiency) of revenues and other financing sources over expenditures and other financing uses	5,474,186	(219,111)
Fund Balance, beginning of year	10,367,282	10,586,393
Fund Balance, end of year	\$ 15,841,468	\$ 10,367,282

**General Fund
Schedule of Revenues and Operating Transfers in -
Budget and Actual (Budget Basis)**

**City of Manchester, New Hampshire
Year Ended June 30, 2000**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Taxes</u>			
Property tax	\$ 56,191,170	\$ 56,910,184	\$ 719,014
Boat tax	45,000	60,556	15,556
Railroad tax	5,700	5,182	(518)
Tax lien	50,000	56,004	6,004
Interest on tax	400,000	331,569	(68,431)
Interest on tax lien	800,000	432,512	(367,488)
Cost on deferred tax	40,000	30,313	(9,687)
Cost tax title	30,000	18,491	(11,509)
Miscellaneous tax		66	66
Cable TV permit	510,000	552,896	42,896
Central Business District	225,000	221,302	(3,698)
Total Taxes	<u>58,296,870</u>	<u>58,619,075</u>	<u>322,205</u>
<u>Federal and State Grants and Aid</u>			
CIP/federal capital	197,000	166,664	(30,336)
Medicare reimbursement	90,000	90,000	
Traffic reimbursement	15,000	13,830	(1,170)
Revenue Sharing Distribution	4,540,681	4,410,640	(130,041)
Highway block grant	1,399,839	1,405,402	5,563
Landfill closure		26,331	26,331
Emergency preparedness	12,000		(12,000)
Adequacy Grant Foundation Aid		211,363	211,363
Preventive Health		1,081	1,081
Lieu tax	300,060	364,260	64,200
Carpenter Center in lieu of tax	45,946	60,062	14,116
Total Federal and State Grants and Aid	<u>6,600,526</u>	<u>6,749,633</u>	<u>149,107</u>

General Fund
Schedule of Revenues and Operating Transfers in -
Budget and Actual (Budget Basis)

City of Manchester, New Hampshire
Year Ended June 30, 2000
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Nonenterprise Charges for Sales and Services</u>			
STD clinic test fee		\$ 2,785	\$ 2,785
Certified record	\$ 136,000	154,110	18,110
State/certification	(54,000)	(97,768)	(43,768)
Accident/investigation report	59,500	65,200	5,700
Record check	4,500	600	(3,900)
Fingerprint	7,000	8,415	1,415
Photograph sale	5,100	5,257	157
Police auction	10,000	13,612	3,612
Extra detail	103,200	68,384	(34,816)
Highway maintenance A/R	100	5,267	5,167
Inspection fee A/R	20,000	22,426	2,426
Delay rent on landfill	5,000	8,800	3,800
Drop-off Center	400,000	417,451	17,451
Care of lot and grave	6,000	10,330	4,330
Internment	88,000	85,865	(2,135)
Zoning variance	27,000	24,040	(2,960)
Parking ticket	700,000	736,056	36,056
Court parking fine	7,000	7,214	214
Towing fine	3,000	(1,633)	(4,633)
Building violation fine	20,000	11,525	(8,475)
District court fine	50,000	35,720	(14,280)
Highway violation fine	250		(250)
Dog pound fee	15,400	13,000	(2,400)
Parks - softball fee	565	1,080	515
Department supplies-Information System	6,000	4,382	(1,618)
Parking reserve	242,500	246,158	3,658
Parking-downtown meters	1,004,000	865,821	(138,179)
Bid fee	1,700	3,102	1,402
Game receipt		528	528
Photocopy	8,400	9,383	983
Fee duplicate tax receipt	2,550	3,069	519
Bounced check fee	7,910	10,371	2,461
Late fee	3,000	5,890	2,890
UCC financing statement	60,000	46,062	(13,938)
Day care health inspection	1,000	900	(100)
Sewer tap fee	31,800	35,800	4,000

General Fund
Schedule of Revenues and Operating Transfers in -
Budget and Actual (Budget Basis)

City of Manchester, New Hampshire
Year Ended June 30, 2000
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Nonenterprise Charges for</u>			
<u>Sales and Services (Continued)</u>			
Grade certificate	\$ 1,000	\$ 1,570	\$ 570
HTLV testing and counseling		3,393	3,393
Immunization reimbursement	2,000	5,055	3,055
Wage assignment fee	1,000	1,817	817
Sub-Division fee	15,000	15,120	120
Motor vehicle title fee	40,000	46,692	6,692
Deed fee	10		(10)
Municipal agent fee	175,000	175,717	717
Bike license	100	160	60
Fire standby fee	300	3,375	3,075
False fire alarm	7,000	20,450	13,450
Fire day care inspection	2,000	2,675	675
Fire alarm permit	164,900	193,323	28,423
Fire reinspection	5,000	7,941	2,941
Sprinkler system review	2,000	2,100	100
Telephone dialer fee	400	325	(75)
Site plan fee	62,000	61,157	(843)
Political filing fee	2,000	2,834	834
Booting fee	4,000	7,920	3,920
Review of life safety code plan	1,500	1,350	(150)
Central station monitoring	18,700	19,800	1,100
Hazardous inspection fee	20,750	2,800	(17,950)
Witness fee	135,100	95,943	(39,157)
Wellington sewer recovery		33,027	33,027
Equipment rental	500	2,521	2,021
Sale of grave lot	10,500	3,600	(6,900)
Sale of mausoleum	27,300	9,000	(18,300)
Cement container	33,000	26,460	(6,540)
Newspaper ad income	500		(500)
Forfeiture Dog License	300	20,550	20,250
Parking meter use permit	8,000	8,464	464
Research fee	10,800	10,698	(102)
Total Nonenterprise Charges for			
Sales and Services	<u>3,733,135</u>	<u>3,615,039</u>	<u>(118,096)</u>

General Fund
Schedule of Revenues and Operating Transfers in -
Budget and Actual (Budget Basis)

City of Manchester, New Hampshire
Year Ended June 30, 2000
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Licenses and Permits</u>			
Auto registration	\$ 10,231,450	\$ 11,932,920	\$ 1,701,470
Amusement license	6,600	5,388	(1,212)
Dog license	21,194	39,885	18,691
State share dog license	(2,788)	(6,163)	(3,375)
Mechanical device license	580,000	197,086	(382,914)
Other license	350	620	270
Sunday permit	82,000	80,654	(1,346)
Taxi license	13,000	14,515	1,515
Second hand license	2,000	2,824	824
Peddler license	5,000	6,600	1,600
Game of chance license	150	125	(25)
Towing license	10,350	14,580	4,230
Marriage license	46,000	45,855	(145)
State share marriage	(39,100)	(38,684)	416
Building permit	799,900	874,782	74,882
Electric permit	130,000	121,894	(8,106)
Plumbing permit	35,000	48,176	13,176
Heating permit	85,000	74,774	(10,226)
Sign permit	14,000	15,357	1,357
Elevator permit	500	485	(15)
Yard sale permit	5,000	3,836	(1,164)
Food permit	121,000	110,840	(10,160)
Septic permit	4,000	4,110	110
Excavation permit	60,000	53,400	(6,600)
Encumbrance permit	1,800	3,140	1,340
Gun permit	5,000	6,940	1,940
Alarm permit	125,000	45,101	(79,899)
Blasting permit	300	1,100	800
Assembly permit	23,300	27,100	3,800
Bathing facility permit	5,000	5,500	500
Parking-lease	1,532,816	1,513,772	(19,044)
Highway Road Resurfacing	550,000	541,714	(8,286)
Certificate of compliance	125,000	178,883	53,883
Pipe layer certification	500	800	300
Reclamation trust fund	290,000	284,531	(5,469)
Total Licenses and Permits	14,869,322	16,212,440	1,343,118
<u>Interest</u>			
Income from invested funds	<u>1,800,000</u>	<u>2,548,473</u>	<u>748,473</u>

General Fund
Schedule of Revenues and Operating Transfers in -
Budget and Actual (Budget Basis)

City of Manchester, New Hampshire
Year Ended June 30, 2000
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Other Revenues</u>			
Reimbursement O/T salary	\$ 32,833	\$ 18,267	\$ (14,566)
HTLV education reimbursement	32,000	84,499	52,499
STD reimbursement	25,000	26,200	1,200
TB reimbursement	25,000	69,241	44,241
Immunization reimbursement	3,000	17,756	14,756
Lead Poisoning	50,000	63,956	13,956
Accrued Interest & Discount on Bonds Pay		129,318	129,318
Debt Recovery Livingston Park		25,000	25,000
Debt Recovery Impact Fees	150,000	150,000	
Debt Recovery Riverfront Stadium	74,980	74,980	
Welfare benefit recovery	25,000	35,099	10,099
Employee Benefit	35,000	65,470	30,470
Miscellaneous reimbursement	393,450	280,057	(113,393)
Restitution	2,000	2,990	990
Traffic labor	7,500	2,830	(4,670)
Traffic administration	7,500	4,142	(3,358)
Airport reimbursement	60,000	79,635	19,635
Wall St. Tower refinance	42,000	74,663	32,663
Scrap metal and salvage	5,250	11,890	6,640
Excess receipt	25,000	6,716	(18,284)
Sewer Maintenance WWTP		9,618	9,618
Data processing	22,500	31,869	9,369
Map, print, etc.	9,900	9,646	(254)
Sale of code	1,550	1,512	(38)
Miscellaneous		27	27
Building rent	13,200	12,698	(502)
Police-cruiser rental	6,000	4,435	(1,565)
Recycling	500	75	(425)
MSD chargebacks	6,800,000	5,212,854	(1,587,146)
Total Other Revenues	<u>7,849,163</u>	<u>6,505,443</u>	<u>(1,343,720)</u>
Total Revenues	<u>\$ 93,149,016</u>	<u>\$ 94,250,103</u>	<u>\$ 1,101,087</u>
Operating transfers in	300,000	350,100	50,100
Total Operating Transfers in	<u>300,000</u>	<u>350,100</u>	<u>50,100</u>
Total Revenues and Operating Transfers in	<u>\$ 93,449,016</u>	<u>\$ 94,600,203</u>	<u>\$ 1,151,187</u>

General Fund
Statement of Expenditures, Encumbrances and
Other Financing Uses - Budget and Actual (Budget Basis)

	Salaries & Wages	Employee Benefits	Purchased Professional Services	Purchased Property Services	Other Purchased Services	Supplies & Materials
General Government						
Aldermen	\$ 70,000	\$ 39,317			\$ 10,000	
Assessors	420,247	68,350		\$ 659	13,128	\$ 3,559
Building	779,873	160,762		3,455	16,812	8,052
City Clerk	560,063	122,673	\$ 24,693	15,436	122,035	13,605
City Solicitor	532,385	247,467	59,867		(115,494)	19,256
Civic Contribution						
Conservation					86	52
Economic Development Office	169,835	30,307		345	21,844	1,177
Elderly Services	170,052	40,853		48,088	3,533	9,194
Finance	755,161	326,378		3,571	34,282	12,975
Information Systems	734,409	179,225	10,052	578,386	95,932	53,800
Mayor	177,876	33,985		660	7,187	3,697
Nondepartmental						
Non-city Program						
Human Resources	554,042	1,278,131	30,584	63	24,912	10,683
Planning	698,288	107,724		3,218	17,055	5,037
Public Buildings	550,611	134,926	2,808	466,735	3,251,231	264,164
Tax Collector	472,534	94,168	13,299	3,040	18,109	7,747
Youth Services	304,155	57,846	748	21,193	9,876	3,929
Benefit allocation						
Total General Government	6,949,531	2,922,112	142,051	1,144,849	3,530,528	416,927
Public Safety						
Fire	11,009,579	2,335,806	9,300	251,629	84,979	312,077
Police	11,128,698	2,505,428	44,985	215,475	395,744	419,219
Total Public Safety	22,138,277	4,841,234	54,285	467,104	480,723	731,296
Health and Sanitation						
Health	1,734,914	390,392	20,991	71,690	20,670	13,787
Total Health and Sanitation	1,734,914	390,392	20,991	71,690	20,670	13,787
Highway and Streets						
Highway	7,178,020	1,609,450	4,281	4,029,838	204,813	1,185,316
Traffic	1,238,324	288,654	34,380	631,386	40,978	589,390
Total Highway and Streets	8,416,344	1,898,104	38,661	4,661,224	245,791	1,774,706
Welfare						
Welfare	405,133	72,261	20,000	51,406	8,538	2,427
Total Welfare	405,133	72,261	20,000	51,406	8,538	2,427
Education						
MSD						
Library	1,408,171	292,491		54,857	61,907	353,839
Total Education	1,408,171	292,491		54,857	61,907	353,839
Parks and Recreation						
Parks & Recreation	1,670,684	312,219	8,978	72,083	45,030	264,931
Total Parks and Recreation	1,670,684	312,219	8,978	72,083	45,030	264,931
Debt Service						
Principal retirement						
Interest						
Expenditures						
Total Debt Service						
Total Expenditures	42,723,054	10,728,813	284,966	6,523,213	4,393,187	3,557,913
Other Financing Uses						
Community improvement program						
Total Other Financing Uses						
Total Expenditures and Other Financing Uses	\$42,723,054	\$10,728,813	\$ 284,966	\$ 6,523,213	\$ 4,393,187	\$ 3,557,913
Schools						
High School Athletics						
School						
School Food & Nutrition Service						
Total Schools						

Capital Outlay	Miscellaneous	2000 Total Commitments	2000 Budget	Variance Favorable (Unfavorable)	1999 Total Commitments
		\$ 119,317	\$ 119,355	\$ 38	\$ 108,117
	\$ 11,961	517,904	529,400	11,496	459,737
\$ 674	12,764	982,392	1,033,705	51,313	854,402
12,569	51,844	922,918	1,073,820	150,902	771,658
	37,706	781,187	1,346,259	565,072	1,076,918
	92,525	92,525	104,461	11,936	86,721
	800	938	5,550	4,612	1,728
	1,521	225,029	232,650	7,621	225,830
	93	271,813	272,584	771	257,161
9,617	212,330	1,354,314	1,592,561	238,247	1,091,436
79,739	337	1,731,880	1,897,017	165,137	1,462,876
	4	223,409	243,252	19,843	207,336
	1,395,944	1,395,944	3,297,154	1,901,210	1,429,912
	183,098	183,098	193,098	10,000	187,314
9,773	82,592	1,990,780	1,887,477	(103,303)	748,149
6,800	390	838,512	897,092	58,580	776,192
3,432	332,394	5,006,301	5,073,431	67,130	3,919,522
	88	608,985	703,910	94,925	586,863
200	7,674	405,621	422,634	17,013	393,035
					972,754
122,804	2,424,065	17,652,867	20,925,410	3,272,543	15,617,661
132,307	56,390	14,192,067	14,475,898	283,831	13,544,855
25,602	128,677	14,863,828	14,926,472	62,644	14,056,069
157,909	185,067	29,055,895	29,402,370	346,475	27,600,924
35,198	11,114	2,298,756	2,355,461	56,705	1,992,460
35,198	11,114	2,298,756	2,355,461	56,705	1,992,460
35,800	1,189,228	15,436,746	15,905,838	469,092	14,594,031
	3,965	2,827,077	2,953,293	126,216	2,950,497
35,800	1,193,193	18,263,823	18,859,131	595,308	17,544,528
	689,994	1,249,759	1,299,024	49,265	985,443
	689,994	1,249,759	1,299,024	49,265	985,443
	850,000	850,000		(850,000)	
24,869	97	2,196,231	2,320,801	124,570	1,952,751
24,869	850,097	3,046,231	2,320,801	(725,430)	1,952,751
54,167	401,270	2,829,362	3,037,862	208,500	2,392,791
54,167	401,270	2,829,362	3,037,862	208,500	2,392,791
	9,370,788	9,370,788	9,370,788		13,893,514
	3,967,702	3,967,702	3,967,702		5,840,166
	13,338,490	13,338,490	13,338,490		19,733,680
430,747	19,093,290	87,735,183	91,538,549	3,803,366	87,820,238
	2,610,467	2,610,467	2,610,467		1,527,200
	2,610,467	2,610,467	2,610,467		1,527,200
\$ 430,747	\$ 21,703,757	\$ 90,345,650	\$ 94,149,016	\$ 3,803,366	\$ 89,347,438
					\$ 1,054,754
					73,244,296
					3,229,337
					\$ 77,528,387



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CITY OF MANCHESTER, NEW HAMPSHIRE
Comprehensive Annual Financial Report
Year Ended June 30, 2000

Special Revenue Funds - to account for revenues legally restricted for specific expenditures.

Education Special Revenue Fund - to account for educational programs specifically financed through Federal, State and private grants.

School of Technology Fund - to account for revenues generated by the Manchester School of Technology.

Cash Special Projects Fund - to account for cash funded special programs, administered by City Departments.

CDBG - to account for various Community Development Block Grant funded programs.

Other Grant Fund - to account for all other Federal, State and private grants for special programs administered by City departments.

Civic Center - to account for a portion of the Meals and Rooms Tax distribution from the State of New Hampshire to help fund a City owned civic; center.

Revolving Loan Fund - to account for a loan program funded by CDBG funds.

Manchester Development Corporation - to account for the MANCHESTER DEVELOPMENT CORPORATION (MDC), which is a blended component unit of the City. The MDC is a non-profit corporation organized for the purpose of providing economic development services for the City.

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Special Revenue Funds
Combining Balance Sheet

	Cash Special Projects Fund	CDBG Fund	Other Grants Fund
<u>Assets</u>			
Assets			
Cash and cash equivalents	\$ 1,150,957		\$ 82,333
Restricted cash and cash equivalents			160,230
Investments			
Receivables, net of allowances for collection losses		\$ 678,692	1,762,677
Land held for resale			
Total Assets	\$ 1,150,957	\$ 678,692	\$ 2,005,240
<u>Liabilities and Fund Equity</u>			
Liabilities			
Accounts and warrants payable	\$ 58,878	\$ 51,491	\$ 20,045
Accrued liabilities			
Due to other funds		635,400	
Deferred revenue			154,989
Other			
Total Liabilities	58,878	686,891	175,034
Fund Equity			
Fund balances			
Reserved for			
Encumbrances	180,399	222,326	283,946
Unreserved			
Undesignated fund balance	911,680	(230,525)	1,546,260
Total Fund Equity	1,092,079	(8,199)	1,830,206
Total Liabilities and Fund Equity	\$ 1,150,957	\$ 678,692	\$ 2,005,240

<u>Civic Center Fund</u>	<u>Revolving Loan Fund</u>	<u>Manchester Development Corporation</u>	<u>Total</u>
	\$ 2,755	\$ 737,204	\$ 1,973,249
\$ 250,463	249,553	31,488	691,734
		1,394,872	1,394,872
		148,103	2,589,472
		504,187	504,187
<u>\$ 250,463</u>	<u>\$ 252,308</u>	<u>\$ 2,815,854</u>	<u>\$ 7,153,514</u>
	\$ 115,919		\$ 246,333
		\$ 26,488	26,488
			635,400
			154,989
\$ 250,463		5,000	255,463
<u>250,463</u>	<u>115,919</u>	<u>31,488</u>	<u>1,318,673</u>
			686,671
	136,389	2,784,366	5,148,170
	<u>136,389</u>	<u>2,784,366</u>	<u>5,834,841</u>
<u>\$ 250,463</u>	<u>\$ 252,308</u>	<u>\$ 2,815,854</u>	<u>\$ 7,153,514</u>

Special Revenue Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances

	Education Special Revenue Fund	School of Technology Fund	Cash Special Projects Fund
<u>Revenues</u>			
Federal and state grants and aid			
Nonenterprise charges for sales and services			
Interest			
Other			
Total Revenues			
<u>Expenditures</u>			
Current:			
General government			\$ 1,054,073
Public safety			46,154
Health and sanitation			
Highway and streets			1,181,934
Welfare			
Education	\$ 201,068	\$ 41,867	146,341
Parks and recreation			208,346
Total Expenditures	201,068	41,867	2,636,848
Excess (deficiency) of revenues over expenditures	(201,068)	(41,867)	(2,636,848)
<u>Other Financing Sources (Uses)</u>			
Operating transfers in			2,609,834
Operating transfers out			(26,834)
Total Other Financing Sources (Uses)			2,583,000
Excess (Deficiency) of revenues and other financing sources over expenditures and other financing uses	(201,068)	(41,867)	(53,848)
Fund Balance (Deficit), beginning of year	\$201,068	\$41,867	\$1,145,927
Fund Balance (Deficit), end of year	\$ -	\$ -	\$ 1,092,079

City of Manchester, New Hampshire
Year Ended June 30, 2000

CDBG Fund	Other Grant Fund	Civic Center Fund	Revolving Loan Fund	Manchester Development Corporation	Total
\$ 3,462,456	\$ 6,473,343 82,566	\$ 1,536,335			\$ 11,472,134 82,566
	103,530	\$ 21,634	\$ 147,991		273,155
	1,133,264		5,431		1,138,695
3,462,456	7,689,173	1,639,865	21,634	153,422	12,966,550
2,455,184	1,392,520	3,455,950		44,436	8,402,163
43,012	1,256,392				1,345,558
15,874	578,976				594,850
103,829	1,509,168				2,794,931
	67,685				67,685
	217,376				606,652
117,840	147,958				474,144
2,735,739	5,170,075	3,455,950		44,436	14,285,983
726,717	2,519,098	(1,816,085)	21,634	108,986	(1,319,433)
	27,467				2,637,301
				(50,000)	(76,834)
	27,467			(50,000)	2,560,467
726,717	2,546,565	(1,816,085)	21,634	58,986	1,241,034
(734,916)	(716,359)	1,816,085	114,755	2,725,380	\$4,593,807
\$ (8,199)	\$ 1,830,206	\$ -	\$ 136,389	\$ 2,784,366	\$ 5,834,841



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CITY OF MANCHESTER, NEW HAMPSHIRE
Comprehensive Annual Financial Report
Year Ended June 30, 2000

Enterprise Funds - to account for the operations of the City that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis will be recovered or financed primarily through user charges.

Water Works Fund - to account for the operations of the Water Works whose primary responsibility is providing water service for residential, commercial and industrial entities for the City and six surrounding communities.

Environmental Protection Division (EPD) Fund - to account for the operations of the sewer treatment facility as well as all services related to the treatment of sewage for the City and three surrounding communities.

Aviation Fund - to account for the operations of the City's airport which is operated by the Department of Aviation.

Recreation Fund - to account for certain operations of the Parks and Recreation Department related to the revenue generating recreational facilities owned by the City. These facilities included a ski area, a golf course, a stadium and two ice skating rinks.

Aggregation Fund - to account for revenues and expenditures incurred in procuring energy services for the City.

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Enterprise Funds
Combining Balance Sheet

	Water Works Fund	EPD Fund
<u>Assets</u>		
Cash and cash equivalents	\$ 781,861	\$ 27,401,722
Restricted cash and cash equivalents	1,955,862	560,996
Restricted investments		
Receivables, net of allowances for collection losses	2,023,506	10,540,250
Prepaid items	91,341	7,173
Due from other funds	338,077	
Inventories	719,028	34,478
Property and equipment, net, where applicable, of accumulated depreciation	63,150,716	96,093,805
Total Assets	<u>\$ 69,060,391</u>	<u>\$ 134,638,424</u>
<u>Liabilities and Fund Equity</u>		
Liabilities		
Accounts and warrants payable	\$ 98,332	\$ 56,847
Retainage payable	161,999	362,001
Accrued liabilities	135,544	859,674
Due to other funds		
Bonds and notes payable - City	9,668,026	26,547,125
Due to State of New Hampshire		13,932,035
Compensated absences	780,095	183,613
Other	230,125	
Total Liabilities	<u>11,074,121</u>	<u>41,941,295</u>
Fund Equity		
Contributed capital	32,009,700	50,768,721
Retained earnings		
Reserved	585,499	116,459
Unreserved	25,391,071	41,811,949
Total Fund Equity (Deficit)	<u>57,986,270</u>	<u>92,697,129</u>
Total Liabilities and Fund Equity (Deficit)	<u>\$ 69,060,391</u>	<u>\$ 134,638,424</u>

Aviation Fund	Recreation Fund	Aggregation Fund	Total
\$ 79,318	\$ 884,716		\$ 29,147,617
7,867,152			10,384,010
71,581,141			71,581,141
3,096,341	160,361	\$ 58,662	15,879,120
1,773,207		200,611	2,072,332
		5,908	338,077
			759,414
217,328,796	3,176,433	164,837	379,914,587
\$ 301,725,955	\$ 4,221,510	\$ 430,018	\$ 510,076,298
\$ 2,471,153	\$ 22,046	\$ 1,643	\$ 2,650,021
1,416,380			1,940,380
4,696,346	10,178	740	5,702,482
4,409,086		1,538,038	5,947,124
213,213,342	1,330,800	110,000	250,869,293
88,690	104,344	3,521	13,932,035
238,531	942		1,160,263
			469,598
226,533,528	1,468,310	1,653,942	282,671,196
43,670,429	1,783,754		128,232,604
13,859,503			14,561,461
17,662,495	969,446	(1,223,924)	84,611,037
75,192,427	2,753,200	(1,223,924)	227,405,102
\$ 301,725,955	\$ 4,221,510	\$ 430,018	\$ 510,076,298

Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Retained Earnings (Deficits)

	Water Works Fund	EPD Fund
<u>Operating Revenues</u>		
Charges for goods and services	\$ 9,033,516	\$ 11,034,800
Total Operating Revenues	9,033,516	11,034,800
<u>Operating Expenses</u>		
Personnel services	3,751,276	1,959,955
Plant maintenance	1,137,985	1,154,678
Light/heat and power	940,278	1,776,601
General and administrative	360,489	448,835
Depreciation and amortization	2,067,378	3,745,341
Total Operating Expenses	8,257,406	9,085,410
Operating Income (Loss)	776,110	1,949,390
<u>Non-Operating Revenues (Expenses), net</u>		
Soundproofing program grant		
Soundproofing program expense		
Interest income	218,818	1,591,948
Interest expense	(461,826)	(1,081,605)
Reimbursements of bond interest expense		319,140
Passenger facility charges		
Customer facility charges		
Rent and other income	170,437	66,113
Loss on disposal of fixed assets		
Total Non-Operating Revenues (Expenses), Net	(72,571)	895,596
Net Income (Loss)	703,539	2,844,986
Add depreciation on fixed assets acquired by grants and individual contributions externally restricted for capital acquisitions and construction that reduces contributed capital	617,645	2,129,328
Increase (Decrease) in Retained Earnings	1,321,184	4,974,314
Retained Earnings (Deficit), beginning of year (restated)	24,655,386	36,954,094
Retained Earnings (Deficit), end of year	\$ 25,976,570	\$ 41,928,408

City of Manchester, New Hampshire
Year Ended June 30, 2000

Aviation Fund	Recreation Fund	Aggregation Fund	Total
\$ 23,888,186	\$ 1,859,319	\$ 13,888	\$ 45,829,709
23,888,186	1,859,319	13,888	45,829,709
2,746,787	1,174,047	89,660	9,721,725
8,346,625	84,746		10,724,034
1,445,252	303,103		4,465,234
797,859	182,292	234,546	2,024,021
7,472,281	218,192	91,108	13,594,300
20,808,804	1,962,380	415,314	40,529,314
3,079,382	(103,061)	(401,426)	5,300,395
789,948			789,948
(232,000)			(232,000)
2,080,340	70,711	(78,826)	3,882,991
(5,871,137)	(68,759)	(6,456)	(7,489,783)
			319,140
4,129,085			4,129,085
1,274,277			1,274,277
	24,407		260,957
(74,086)			(74,086)
2,096,427	26,359	(85,282)	2,860,529
5,175,809	(76,702)	(486,708)	8,160,924
4,175,237	136,980		7,059,190
9,351,046	60,278	(486,708)	15,220,114
22,170,952	909,168	(737,216)	83,952,384
\$ 31,521,998	\$ 969,446	\$ (1,223,924)	\$ 99,172,498

Enterprise Funds
Combining Statement of Cash Flows

	Water Works Fund	EPD Fund
<u>Cash Flows from Operating Activities</u>		
Cash received from customers	\$ 8,855,873	\$ 10,922,500
Cash payments for goods and services	(2,731,457)	(3,897,743)
Cash payments to employees for services	(3,678,196)	(2,051,093)
Other operating revenues (expenses)	170,437	
Net Cash Provided by Operating Activities	2,616,657	4,973,664
<u>Cash Flows from Non-Capital and Related Financing Activities</u>		
Amounts from federal & state governments for soundproofing		
Soundproofing related expenses		
Reimbursement of bond interest expenses		319,140
Passenger facility charges		
Customer facility charges		
Short-term cash advance from City		
Net Cash Provided by Non-Capital & Related Financing Activities	-	319,140
<u>Cash Flows from Capital and Related Financing Activities</u>		
Proceeds from (purchase of) restricted cash	(1,161,587)	1,109,001
Proceeds from general obligation bonds	4,335,000	
Proceeds from State of New Hampshire Revolving Fund		4,032,851
Principal paid on bonds	(486,651)	(2,937,091)
Interest paid on bonds	(461,826)	(1,203,205)
Contributed capital by federal, state & local governments	1,820,158	1,021,123
Acquisition and construction of capital assets	(5,123,624)	(6,831,906)
Net Cash Provided (Used) by Capital & Related Financing Activities	(1,078,530)	(4,809,227)
<u>Cash Flows from Investing Activities</u>		
(Purchase) Sale of investment securities		
Interest paid on cash advances		
Interest and dividends from investments	218,818	1,658,061
Net Cash Provided (Used) by Investing Activities	218,818	1,658,061
Net (decrease) Increase in Cash and Cash Equivalents	1,756,945	2,141,638
Restricted cash	1,955,862	560,996
Cash and cash equivalents at beginning of period	(975,084)	25,260,084
Cash and Cash Equivalents at End of Period	\$ 2,737,723	\$ 27,962,718
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 776,110	\$ 1,949,390
Adjustments to reconcile operating income (loss) to cash provided by operating activities:		
Depreciation and amortization	2,067,378	3,745,341
Non-operating revenue	170,437	
Change in Assets and Liabilities		
(Increase) decrease in receivables	(218,074)	(194,836)
(Increase) in inventories	(130,047)	
(Increase) decrease in prepaid expenses and other assets	40,431	
Increase (decrease) in accounts payable	100,703	(272,838)
Increase (decrease) in accrued liabilities	(228,531)	(156,062)
Increase (decrease) in compensated absences	50,126	(97,331)
Increase in Deferred Revenue		
Increase in interfund liabilities	(11,876)	
Net Cash Provided by Operating Activities	\$ 2,616,657	\$ 4,973,664

Aviation Fund	Recreation Fund	Aggregation Fund	Total
\$ 23,671,669 (12,108,514) (2,746,787)	\$ 2,064,673 (590,420) (1,215,290) 24,407	\$ 5,711 (218,613) (86,288)	\$ 45,520,426 (19,546,747) (9,777,654) 194,844
8,816,368	283,370	(299,190)	16,390,869
690,090 (232,000)			690,090 (232,000) 319,140
4,251,799 1,274,277 (3,753,948)	(62,230)	324,602	4,251,799 1,274,277 (3,491,576)
2,230,218	(62,230)	324,602	2,811,730
(3,115,291) 54,723,868	1,230,000	110,000	(3,167,877) 60,398,868 4,032,851
(2,890,000) (6,717,270) 6,007,450 (57,502,596)	(131,600) (69,051) (436,484)	(50,130)	(6,445,342) (8,451,352) 8,848,731 (69,944,740)
(9,493,839)	592,865	59,870	(14,728,861)
(3,653,628) 2,080,340	70,711	(85,282)	(3,653,628) 1,995,058 1,947,590
(1,573,288)	70,711	(85,282)	289,020
(20,541)	884,716	-	4,762,758
7,867,152 99,859	-	-	10,384,010 24,384,859
\$ 7,946,470	\$ 884,716	\$ -	\$ 39,531,627
\$ 3,079,382	\$ (103,061)	\$ (401,426)	\$ 5,300,395
7,472,281	218,192 24,407	91,108	13,594,300 194,844
(188,972)	206,630	(8,177)	(403,429) (130,047) 55,045
(1,414,466) (104,312)	324 (20,603) (64,558) 23,315 (1,276)	14,290 1,643 (149) 3,521	(1,605,561) (553,612) (20,369) (28,821) (11,876)
\$ 8,816,368	\$ 283,370	\$ (299,190)	\$ 16,390,869



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CITY OF MANCHESTER, NEW HAMPSHIRE
Comprehensive Annual Financial Report
Year Ended June 30, 2000

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Trust Funds - to account for assets held by the City in a trustee capacity

Nonexpendable Cemetery Trust Fund - to account for assets, contributions and income earned on investments used to maintain the City's cemeteries and endowment funds, as well as for other purposes deemed appropriate by the Trustees.

Nonexpendable Library Trust Fund - to account for contributions and income earned on investments used to maintain the City's library. The principal of the Trust is preserved with income used to add to the City's library resources.

Expendable Trust Funds - to account for contributions and income received from various revenue sources for non-capital and capital reserve funds.

Agency Fund - to account for assets held by the City as an agent for individuals or other governmental units.

County Tax Fund - to account for the county assessment collected by the City on the county's behalf.



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**Trust & Agency Funds
Combining Balance Sheet**

	Expendable	
	Expendable Trust	Old System Trust
<u>Assets</u>		
Assets		
Cash and cash equivalents	\$ 37,014	\$ 1,309,854
Investments	1,570,322	
Receivables, net of allowances for collection losses	190	11,704
Total Assets	<u>\$ 1,607,526</u>	<u>\$ 1,321,558</u>
<u>Liabilities and Fund Equity</u>		
Liabilities		
Due to other funds	\$ 338,077	
Total Liabilities	<u>338,077</u>	
Fund Equity		
Fund balances		
Reserved for		
Cemetery and other trust funds	1,269,449	\$ 1,321,558
Library		
Unreserved		
Undesignated fund balance		
Total Fund Equity	<u>1,269,449</u>	<u>1,321,558</u>
Total Liabilities and Fund Equity	<u>\$ 1,607,526</u>	<u>\$ 1,321,558</u>

Nonexpendable		Agency Fund	Total
Cemetery Trust	Library Trust		
\$ 398,405	\$ 222,903		\$ 1,968,176
11,892,869	2,821,295		16,284,486
1,456	17,861	\$ 1,020,573	1,051,784
<u>\$ 12,292,730</u>	<u>\$ 3,062,059</u>	<u>\$ 1,020,573</u>	<u>\$ 19,304,446</u>
		\$ 1,020,573	\$ 1,358,650
		<u>1,020,573</u>	<u>1,358,650</u>
	\$ 3,062,059		2,591,007
			3,062,059
\$ 12,292,730			12,292,730
<u>12,292,730</u>	<u>3,062,059</u>		<u>17,945,796</u>
<u>\$ 12,292,730</u>	<u>\$ 3,062,059</u>	<u>\$ 1,020,573</u>	<u>\$ 19,304,446</u>

Nonexpendable Trust Funds
Combining Statement of Revenues, Expenses,
and Changes in Fund Balances

City of Manchester, New Hampshire
Year Ended June 30, 2000

	Cemetery Trust	Library Trust	Total
<u>Revenues</u>			
Interest and dividends	\$ 665,702	\$ 115,045	\$ 780,747
Contributions	89,060	9,366	98,426
Total Revenues	754,762	124,411	879,173
<u>Expenses</u>			
Cemetery	302,100		302,100
Library		91,601	91,601
Investment management fee	17,045	17,429	34,474
Total Expenses	319,145	109,030	428,175
Excess of revenues over expenses	435,617	15,381	450,998
<u>Other Revenues (Expenses), net</u>			
Unrealized gain (loss) on securities	(85,959)	67,902	(18,057)
Net Non-Operating Revenues (Expenses)	(85,959)	67,902	(18,057)
Net Income	349,658	83,283	432,941
Increase in Retained Earnings	349,658	83,283	432,941
Fund Balance, beginning of year	11,943,072	2,978,776	14,921,848
Fund Balance, end of year	\$ 12,292,730	\$ 3,062,059	\$ 15,354,789

**Expendable Trust Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**

**City of Manchester, New Hampshire
Year Ended June 30, 2000**

	Expendable Trust	Old System Trust	Total
<u>Revenues</u>			
Interest and dividends	\$ 130,499	\$ 143,414	\$ 273,913
Contributions		1,956,968	1,956,968
Net gain (loss) on sale of securities	(8,558)		(8,558)
Total Revenues	121,941	2,100,382	2,222,323
<u>Expenditures</u>			
Current:			
General government		1,834,699	1,834,699
Cemetery Trust	771,000		771,000
Investment management fee	7,343	8,650	15,993
Total Expenditures	778,343	1,843,349	2,621,692
Excess (deficiency) of revenues over Expenditures	(656,402)	257,033	(399,369)
<u>Other Revenues (Expenditures), net</u>			
Operating transfers out	(300,100)		(300,100)
Net Non-Operating Revenues (Expenditures)	(300,100)		(300,100)
Excess (Deficiency) of revenues and other financing sources over expenditures and other financing uses	(956,502)	257,033	(699,469)
Fund Balance, beginning of year	2,225,951	1,064,525	3,290,476
Fund Balance, end of year	\$ 1,269,449	\$ 1,321,558	\$ 2,591,007

**Nonexpendable Trust Funds
Combining Statement of Cash Flows**

**City of Manchester, New Hampshire
Year Ended June 30, 2000**

	Cemetery Trust	Library Trust	Total
<u>Cash Flows from Operating Activities</u>			
Contributions	\$ 89,060	\$ 9,366	\$ 98,426
Cash payments for goods and services	(614,950)	(91,601)	(706,551)
Net Cash Used by Operating Activities	(525,890)	(82,235)	(608,125)
<u>Cash Flows from Investing Activities</u>			
Purchase of investment securities	(1,536,001)	(549,137)	(2,085,138)
Proceeds from sale and maturities of investment securities	602,803	475,406	1,078,209
Investment management fee	(17,045)	(17,428)	(34,473)
Interest and dividends from investments	674,874	97,178	772,052
Net Cash Provided (Used) by Investing Activities	(275,369)	6,019	(269,350)
Net Increase in Cash and Cash Equivalents	(801,259)	(76,216)	(877,475)
Cash and cash equivalents at beginning of period	1,199,664	299,119	1,498,783
Cash and Cash Equivalents at End of Period	\$ 398,405	\$ 222,903	\$ 621,308
Reconciliation of operating income (loss) to net cash provided by operating activities			
Net income (loss)	\$ 435,617	\$ 15,381	\$ 450,998
Change in Assets and Liabilities			
(Increase) Decrease in receivables	9,172	(264)	8,908
Increase (Decrease) in interfund liabilities	(312,850)		(312,850)
(Decrease) in interest income	(674,874)	(114,781)	(789,655)
Increase in investemnt management fee	17,045	17,429	34,474
Net Cash Used by Operating Activities	\$ (525,890)	\$ (82,235)	\$ (608,125)

Agency Funds
Statement of Changes in Assets and Liabilities

City of Manchester, New Hampshire
Year Ended June 30, 2000

	<u>Balance beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance end of Year</u>
<u>County Tax Fund</u>				
Assets				
Receivables	<u>\$ 265,398</u>	<u>\$ 1,020,573</u>	<u>\$ (265,398)</u>	<u>\$ 1,020,573</u>
Liabilities				
Due to other funds	<u>\$ 265,398</u>	<u>\$ 1,020,573</u>	<u>\$ (265,398)</u>	<u>\$ 1,020,573</u>



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CITY OF MANCHESTER, NEW HAMPSHIRE
Comprehensive Annual Financial Report
Year Ended June 30, 2000

General Fixed Assets Account Group - to account for all fixed assets of the City not related to specific proprietary or trust funds.

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General Fixed Assets Account Group
Schedule of General Fixed Assets - By Source

City of Manchester, New Hampshire
June 30, 2000

General Fixed Assets

Land	\$ 15,043,050
Buildings	106,658,913
Improvements other than buildings	8,167,088
Equipment	4,853,947
Work-in-Process	24,588,220
Vehicles	14,158,754

Total General Fixed Assets **\$ 173,469,972**

Investments in General Fixed Assets

Capital project funds	\$ 130,061,177
General fund revenues	23,768,897
Special revenue funds	19,639,898

Total Investments in General Fixed Assets **\$ 173,469,972**

General Fixed Assets Account Group
Schedule of General Fixed Assets - By Function and Activity

City of Manchester, New Hampshire
June 30, 2000

	Land	Buildings	Improvements other than buildings	Equipment	Vehicles	Total
<u>General Government</u>						
Assessors						
Building				\$ 5,985	\$ 133,812	\$ 139,797
City Clerk		\$ 90,304		86,948	26,446	203,698
City Solicitor				5,115		5,115
Economic Development Office	\$ 4,110,000					4,110,000
Elderly Services						-
Finance	105,000			36,114		141,114
Information Systems				1,281,511	14,375	1,295,886
Mayor					19,495	19,495
Personnel				5,000		5,000
Planning	44,714	768,974		32,306		845,994
Public Buildings	75,000	6,163,216		16,905	411,855	6,666,976
Tax Collector				5,332		5,332
Youth Services				6,075		6,075
Total General Government	4,334,714	7,022,494	-	1,481,291	605,983	13,444,482
<u>Public Safety</u>						
Fire Protection	661,291	4,621,151	\$ 55,714	443,110	5,640,839	11,422,105
Police Protection	96,115	3,445,944	52,716	447,734	910,152	4,952,661
Total Public Safety	757,406	8,067,095	108,430	890,844	6,550,991	16,374,766
<u>Health and Sanitation</u>						
Cemetery	71,254	298,604		250,428	181,390	801,676
Health				41,943	230,698	272,641
Total Health and Sanitation	71,254	298,604	-	292,371	412,088	1,074,317
<u>Highway and Streets</u>						
Highway	108,104	1,270,028	800,565	587,325	5,647,336	8,413,358
Traffic	3,687,950	15,642,972	1,736,206	331,362	309,079	21,707,569
Total Highway and Streets	3,796,054	16,913,000	2,536,771	918,687	5,956,415	30,120,927
<u>Welfare</u>						
Welfare	27,489	109,955				137,444
Total Welfare	27,489	109,955	-	-	-	137,444
<u>Education</u>						
Library	72,270	1,334,211		62,198		1,468,679
School	1,609,845	71,571,374	1,835,615			75,016,834
Total Education	1,682,115	72,905,585	1,835,615	62,198	-	76,485,513
<u>Parks and Recreation</u>						
Parks & Recreation	4,374,018	1,342,180	3,686,272	1,208,556	633,277	11,244,303
Total Parks and Recreation	4,374,018	1,342,180	3,686,272	1,208,556	633,277	11,244,303
Construction in Progress		20,397,465	4,190,755			24,588,220
Total General Fixed Assets Allocated to Functions	\$ 15,043,050	\$ 127,056,378	\$ 12,357,843	\$ 4,853,947	\$ 14,158,754	\$ 173,469,972

General Fixed Assets Account Group
Schedule of Changes in General Fixed Assets - By Function and Activity

City of Manchester, New Hampshire
Year Ended June 30, 2000

	General Fixed Assets Beginning of Year (Restated)	Additions	Deductions	Transfers	General Fixed Assets End of Year
<u>General Government</u>					
Assessors	\$ 14,234		\$ (14,234)		
Building	174,321	\$ 51,054	(85,578)		\$ 139,797
City Clerk	367,750		(164,052)		203,698
City Solicitor	41,873		(36,758)		5,115
Economic Development Office	4,050,889		(32,730)	\$ 91,841	4,110,000
Elderly Services	45,922		(45,922)		
Finance	261,079	62,569	(182,534)		141,114
Information Systems	2,873,747	752,182	(2,330,043)		1,295,886
Mayor	37,597		(18,102)		19,495
Personnel	20,380		(15,380)		5,000
Planning	936,369	15,002	(105,377)		845,994
Public Buildings	7,040,365	46,826	(126,368)	(293,847)	6,666,976
Tax Collector	20,074	23,316	(38,058)		5,332
Youth Services	24,416		(18,341)		6,075
Total General Government	15,909,016	950,949	(3,213,477)	(202,006)	13,444,482
<u>Public Safety</u>					
Fire Protection	12,370,310	53,219	(1,001,424)		11,422,105
Police Protection	6,099,370	5,576	(1,152,285)		4,952,661
Total Public Safety	18,469,680	58,795	(2,153,709)		16,374,766
<u>Health and Sanitation</u>					
Cemetery	1,026,022	98,306	(322,652)		801,676
Health	434,477	25,111	(186,947)		272,641
Total Health and Sanitation	1,460,499	123,417	(509,599)		1,074,317
<u>Highway and Streets</u>					
Highway	8,699,847	867,254	(1,153,743)		8,413,358
Traffic	23,278,857		(1,571,288)		21,707,569
Total Highway and Streets	31,978,704	867,254	(2,725,031)		30,120,927
<u>Welfare</u>					
Welfare	202,645		(65,201)		137,444
Total Welfare	202,645		(65,201)		137,444
<u>Education</u>					
Library	1,556,488		(87,809)		1,468,679
School	74,364,038		(63,492)	716,288	75,016,834
Total Education	75,920,526		(151,301)	716,288	76,485,513
<u>Parks and Recreation</u>					
Parks & Recreation	12,382,659	288,802	(1,427,158)		11,244,303
Total Parks and Recreation	12,382,659	288,802	(1,427,158)		11,244,303
Construction in Progress	9,963,865	15,138,637		(514,282)	24,588,220
Total General Fixed Assets Allocated to Functions	\$ 166,287,594	\$ 17,427,854	\$ (10,245,476)	\$ -	\$ 173,469,972



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STATISTICAL SECTION



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General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Health and Sanitation	Highway and Streets	Welfare
1990	\$ 16,306,790	\$ 21,171,721	\$ 1,901,307	\$ 10,482,883	\$ 1,547,382
1991	17,927,583	22,172,950	1,665,330	10,250,695	1,476,057
1992	13,513,627	23,169,625	2,397,552	11,559,540	1,287,494
1994 (2)	23,632,081	35,347,208	3,584,951	20,668,958	1,799,492
1995	13,024,281	23,949,556	2,412,168	13,238,142	1,089,981
1996	14,047,737	24,822,918	2,356,684	14,468,980	1,118,771
1997	11,878,493	25,163,363	2,451,268	16,126,906	1,035,032
1998	11,469,775	27,063,571	2,544,046	16,538,533	1,524,002
1999	15,082,402	28,775,663	1,984,397	17,426,902	932,944
2000	17,751,003	29,689,148	2,304,060	18,505,080	1,213,010
2000 (5)					
2000	<u>17,751,003</u>	<u>29,689,148</u>	<u>2,304,060</u>	<u>18,505,080</u>	<u>1,213,010</u>

Notes

- (1) Includes the General Fund only.
- (2) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.
- (3) Beginning in 1991 the City accounted for the County Tax through an Agency Fund.
- (4) Beginning in fiscal 1995 many recreation functions were accounted for in the Enterprise Fund.
- (5) MSD is included as a governmental discrete component unit in fiscal 2000.
- (6) City and MSD combined school chargebacks , totaling \$6,800,000 for 2000, were not allocated to school department from other general fund departments prior to this year.

City of Manchester, New Hampshire
Table I

Education	Parks and Recreation	County Tax (3)	Debt Service	Total Expenditures
\$ 55,059,832	\$ 2,626,736	\$ 7,370,837	\$ 9,118,033	\$ 125,585,521
57,836,148	2,505,746	-	8,721,391	122,555,900
60,590,951	2,558,570	-	9,893,001	124,970,360
94,826,842	3,779,205	-	17,505,727	201,144,464
65,080,717	1,088,965 (4)	-	15,501,374	135,385,184
70,883,458	1,166,400	-	15,290,065	144,155,013
69,740,141	1,158,885	-	16,872,450	144,426,538
78,409,488	1,169,744	-	16,164,151	154,883,310
79,988,320	2,411,070	-	19,733,680	166,335,378
3,049,175	2,790,074	-	13,522,285	88,823,835
107,809,716 (6)		-	8,407,080	116,216,796
110,858,891	2,790,074		21,929,365	205,040,631

General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	Taxes	Federal and State	Charges for Sales and Services	Licenses and Permits
1990	\$ 91,256,575	\$ 10,622,419	\$ 11,843,467	\$ 8,188,331
1991	92,751,472	10,824,216	10,948,656	7,619,777
1992	96,384,724	11,298,841	10,383,221	7,866,756
1994 (2)	100,952,145	17,704,791	17,388,372	13,116,970
1995	95,650,105	13,191,242	10,795,404	10,192,255
1996	100,570,543	13,645,131	11,120,727	11,120,727
1997	103,951,582	14,354,349	11,578,643	13,802,836
1998	107,223,578	18,769,545	13,711,063	14,129,835
1999	117,348,501	17,963,054	14,138,976	14,969,847
2000	60,190,452	7,302,746	3,615,039	16,212,440
2000 (3)	23,167,248 (4)	71,911,186	13,458,205	-
2000	83,357,700	79,213,932	17,073,244	16,212,440

Notes

- (1) Includes the General Fund only.
- (2) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.
- (3) MSD is included as a governmental discrete component unit in fiscal 2000.
- (4) The combined rate per thousand for real property taxes for both local (\$6.10) and state (\$6.94) is \$13.04. The state portion of \$6.94 is included in federal and state for 2000.

City of Manchester, New Hampshire
Table II

Interest	Other	Total Revenues
\$ 938,890	\$ 2,919,505	\$ 125,769,187
738,442	2,171,024	125,053,587
569,787	1,446,946	127,950,275
1,752,094	5,086,908	156,001,280
1,856,668	3,200,885	134,886,559
2,426,075	2,969,759	141,852,962
2,342,522	3,100,525	149,130,457
2,008,604	1,403,320	157,245,945
1,989,669	1,384,046	167,794,093
2,548,473	6,655,281	96,524,431
-	5,626,537	114,163,176
<u>2,548,473</u>	<u>12,281,818</u>	<u>210,687,607</u>

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Current Tax Collections (1)	Percent of Current Taxes Collected	Delinquent Tax Collections (1)
1990	\$ 94,239,561	\$ 81,983,196	86.99%	\$ 6,957,724
1991	101,054,922	83,394,624	82.52%	9,934,709
1992	104,807,584	90,504,074	86.35%	16,443,970
1994 (2)	105,408,690	100,530,691	95.37%	16,428,716
1995	106,908,274	102,767,174	96.13%	7,196,199
1996	106,457,759	103,886,028	97.58%	4,683,658
1997	113,630,813	110,590,166	97.32%	3,464,940
1998	114,851,627	112,425,511	97.89%	2,869,480
1999	120,680,494	117,945,857	97.73%	4,035,991
2000	66,360,234	65,373,792		2,539,282
2000 (3)	55,719,743	54,948,652		0
2000	122,079,977	120,322,444	98.56%	2,539,282

Notes

- (1) Actual collections of levy, including additional warrants (less refunds), and amounts refundable, including proceeds from tax titles, possessions, abatements and other credits.
- (2) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion
- (3) MSD is included as a governmental discrete component unit in fiscal 2000.

City of Manchester, New Hampshire
Table III

Total Tax Collections (1)	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
\$ 88,940,920	94.38%	\$ 17,526,671	18.60%
93,329,333	92.36%	25,252,260	24.99%
106,948,044	102.04%	23,111,800	22.05%
116,959,407	110.96%	11,561,083	10.97%
109,963,373	102.86%	8,505,985	7.96%
108,569,686	101.98%	6,394,058	6.01%
114,055,106	100.37%	5,969,765	5.25%
115,294,991	100.39%	5,526,401	4.81%
121,981,848	101.08%	4,225,047	3.50%
67,913,075			
54,948,652			
<u>122,861,727</u>	100.64%	3,443,297	2.82%

**Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	RESIDENTIAL REAL PROPERTY		NON-RESIDENTIAL REAL PROPERTY	
	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value
1990	\$ 448,425,196	\$ 2,032,236,880	\$ 406,763,159	\$ 1,898,577,248
1991 (3)	2,221,142,045	2,174,937,355	1,751,508,205	1,760,083,262
1992	2,179,653,000	1,951,464,973	1,666,868,000	1,538,463,493
1994 (4)	2,181,699,800	1,885,184,683	1,591,546,500	1,417,626,676
1995	2,189,624,800	1,832,332,667	1,546,090,000	1,333,994,744
1996	2,206,316,800	1,843,933,159	1,472,233,100	1,269,166,466
1997	2,235,464,700	1,927,124,741	1,457,283,600	1,256,278,966
1998	2,259,471,600	2,072,909,725	1,465,117,900	1,344,144,862
1999	2,347,333,950	2,324,093,020	1,521,938,800	1,506,870,099
2000	2,369,413,750	2,632,681,944	1,557,536,400	1,730,596,000

Notes

- (1) Exemptions for the blind and elderly.
- (2) Amounts shown are net taxable assessed values after deducting exemptions for the blind and elderly.
- (3) The 1991 valuation numbers are based on the Citywide revaluation completed in that year.
- (4) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.

City of Manchester, New Hampshire
Table IV

Exemptions (1)	TOTAL		Ratio of Total Assessed Value to Total Estimated Market Value
	Assessed Value (2)	Estimated Market Value	
\$ 13,025,955	\$ 842,162,400	\$3,930,814,128	21.42%
56,800,900	3,915,849,350	3,935,020,617	99.51%
65,313,250	3,781,207,750	3,489,928,466	108.35%
65,233,500	3,708,012,800	3,302,811,359	112.27%
65,964,850	3,669,749,950	3,166,327,411	115.90%
67,420,550	3,611,129,350	3,113,099,625	116.00%
68,416,750	3,624,331,550	3,183,403,707	113.85%
60,331,000	3,664,258,500	3,417,054,587	107.23%
64,695,250	3,804,577,500	3,830,963,119	99.31%
64,609,150	3,862,341,000	4,363,277,944	88.52%

**Special Assessment Billings and Collection -
Central Business District
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Total Assessment Billings</u>	<u>Current Collections</u>	<u>Percent of Billings Collected</u>	<u>Delinquent Assessment Collections</u>
1990	-	-	-	\$ 4,455
1991	\$24,003	\$ 13,833	57.63%	-
1992	31,624	17,202	54.40%	10,170
1994 (1)	35,577	35,577	100.00%	14,422
1995	40,600	40,600	100.00%	-
1996	180,374	180,108	99.85%	-
1997	150,272	149,300	99.35%	164
1998	167,176	155,238	92.86%	-
1999	223,818	222,206	99.28%	11,958
2000	221,302	218,844	98.89%	2,432

Notes

(1) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion

<u>Total Collections</u>	<u>Total Collections as a Percent of Total Billings</u>	<u>Outstanding Delinquent Assessments</u>	<u>Ratio of Delinquent Assessments to Total Billings</u>
\$ 4,455	0.00%	-	0.00%
13,833	57.63%	\$ 10,170	42.37%
27,372	86.55%	14,422	45.60%
49,999	140.54%	-	0.00%
40,600	100.00%	-	0.00%
180,108	99.85%	266	0.15%
149,464	99.46%	1,074	0.71%
155,238	92.86%	13,032	7.80%
234,164	104.62%	2,686	1.20%
221,276	99.99%	2,712	1.23%

REAL PROPERTY TAX RATES

Fiscal Year	Rate per thousand (1)				Total
	City	School Local	School State	County	
1990	\$ 44.92	\$ 58.76		\$ 8.52	\$ 112.20
1991	10.62	13.54		1.71	25.87 (2)
1992	11.38	14.29		2.11	27.78
1994	4.20	22.24		2.11	28.55 (3)
1995	10.93	15.73		2.00	28.66
1996	10.29	17.32		2.02	29.63
1997	11.37	17.42		2.05	30.84
1998	11.88	17.31		1.97	31.16
1999	12.17	18.47		1.91	32.55
2000	15.53	6.10	\$ 6.94	1.92	30.49 (4)

Notes

- (1) Rates are based on assessed value of property. Assessment rate for real property is 100% percent.
- (2) 1991 tax rate reflects the new assessed valuation determined through a Citywide valuation.
- (3) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.
- (4) Beginning in 2000, Rate includes Statewide tax for education.

<u>Base Valuation - Real Estate</u>		<u>\$ 4,417,703,092 *</u>
<u>Legal Debt Limit (City):</u>		
9.75% of Base Valuation		\$ 430,726,051
Amount of Debt Applicable to Legal Debt Limit:		
Total Bonded Debt for General Government	\$ 127,394,568	
Recreation Enterprise Debt	1,330,800	
Aggregation Enterprise Debt	110,000	
Less: Debt for fiscal year conversion	(21,101,425)	
Less: Debt for urban redevelopment	(4,964,314)	
Less: Debt for parking facilities	(3,710,045)	99,059,584
Legal Debt Limit - City		<u><u>\$331,666,467</u></u>
<u>Legal Debt Margin:</u>		
Percent of:		
Legal Debt Margin Outstanding	23.0%	
Legal Debt Margin Available	77.0%	
	<u><u>100.0%</u></u>	
<u>Legal Debt Limit (School):</u>		
7% of Base Valuation		\$ 309,239,216
Amount of Debt Applicable to Legal Debt Limit:		
Bonded Debt for School District	\$ 47,672,597	
Less: Debt for fiscal year conversion	(10,972,741)	36,699,856
Legal Debt Limit - School		<u><u>\$ 272,539,360</u></u>
<u>Legal Debt Margin:</u>		
Percent of:		
Legal Debt Margin Outstanding	11.9%	
Legal Debt Margin Available	88.1%	
	<u><u>100.0%</u></u>	
<u>Legal Debt Limit (Water and Waste Water):</u>		
10% of Base Valuation		\$ 441,770,309
Amount of Debt Applicable to Legal Debt Limit:		
Debt for water projects	\$ 9,668,026	
Debt for sewer projects	26,547,125	36,215,151
Legal Debt Limit - Water & Wastewater		<u><u>\$ 405,555,158</u></u>
<u>Legal Debt Margin:</u>		
Percent of:		
Legal Debt Margin Outstanding	8.2%	
Legal Debt Margin Available	91.8%	
	<u><u>100.0%</u></u>	
<u>Summary of Base Valuation:</u>		
1999 Net Local Assessed Valuation		\$ 3,862,341,000
State of New Hampshire Dept. of Revenue Administration Inventory Adjustment		411,208,708
State of New Hampshire Dept. of Revenue Administration Shared Revenue Adjustment		144,153,384
		<u><u>\$ 4,417,703,092</u></u>

* The general debt limit of the City is 9.75% of base valuation. The base valuation for computing the debt limit is determined by adding the amount of taxable property lost to cities, towns and districts as a result of the enactment of the State Business Profit Tax Law to the "equalize assessed valuation". Not more than 7% of the base valuation may be incurred for school purposes. Water and sewer projects ordered by the State Water Supply and Pollution Control Commission, self-supporting sewer debt, debt for urban redevelopment and housing purposes, and overlapping debt are excluded from the measure of indebtedness. Other water projects are subject to a separate, special debt limit of 10% of the City's base valuation. Borrowings authorized by legislative acts rather than the general municipal finance statutes are sometimes excluded from a city or town's debt limit. The Total Equalized Valuation figure includes Utility Valuation and Railroad Monies Reimbursements.

**Ratio of Net General Obligation Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years**

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt	Debt Payable from Enterprise Revenues
1990	99,332	\$ 842,162,400	\$ 75,008,005	\$ 25,683,500
1991	98,722	3,915,849,350	87,520,005	24,818,000
1992	99,567	3,781,207,750	122,330,478	64,425,408
1994 (3)	101,039	3,708,012,800	175,916,541	64,160,633
1995	100,668	3,669,749,950	183,319,614	81,919,281
1996	101,900	3,611,129,350	201,193,606	83,240,962
1997	102,675	3,624,331,550	185,624,973	79,118,458
1998	103,330	3,664,258,500	196,451,555	75,198,876
1999	105,221	3,804,577,500	303,770,286	196,421,507
2000	106,180	3,862,341,000	381,830,520	254,435,952

Notes

- (1) Population figures acquired from State of New Hampshire, Planning Department.
- (2) From Table IV.
- (3) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.

Net General Obligation Bonded Debt	Ratio of Net General Obligation Bonded Debt to Assessed Value	Net General Obligation Bonded Debt Per Capita
\$ 49,324,505	5.86%	\$ 497
62,702,005	1.60%	635
57,905,070	1.53%	582
111,755,908	3.01%	1,106
101,400,333	2.76%	1,007
117,952,644	3.27%	1,158
106,506,515	2.94%	1,037
121,252,679	3.31%	1,173
107,348,779	2.82%	1,020
127,394,568	3.30%	1,200

**Ratio of Annual Debt Service Expenditures for General Obligation
Bonded Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years**

**City of Manchester, New Hampshire
Table IX**

Fiscal Year	Total General Governmental Expenditures (City/MSD)	Bonded Debt Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
1990	\$ 125,585,521	\$ 9,118,033	7.26%
1991	122,555,900	8,721,391	7.12%
1992	124,970,360	9,893,001	7.92%
1994 (3)	201,144,464	17,505,727	8.70%
1995	135,385,184	15,501,374	11.45%
1996	144,155,013	15,290,065	10.61%
1997	144,426,538	16,872,450	11.68%
1998	154,883,310	16,164,151	10.44%
1999	166,335,378	19,733,680	11.86%
2000	88,823,835	13,522,285	
2000 (4)	100,643,360	8,477,713	
2000	189,467,195	21,999,998	11.61%

Notes

- (1) Includes the General Fund only.
- (2) General obligation bonds reported in enterprise funds have been excluded.
- (3) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.
- (4) MSD is included as a governmental discrete component unit in fiscal 2000.

DIRECT DEBT:

School	\$ 36,699,856
Parking Facilities	3,710,045
Urban renewal	4,964,314
Fiscal Year Conversion	21,101,425
Other	<u>60,918,928</u>
	\$ 127,394,568

OVERLAPPING DEBT:

<u>Overlapping Entity</u>	<u>Outstanding Debt</u>	<u>City Estimated Share (1)</u>	
		<u>%</u>	<u>\$ Amount</u>
Hillsborough County (2)	\$ 2,800,000	21.53%	\$ 602,924

Notes

- (1) Estimated share and dollar amount of outstanding debt based upon City's share of total 2000 assessments to member communities.
- (2) Source: Hillsborough County Treasurer. Share varies on basis of most recent equalized assessed valuation as determined by the State Department of Revenue Administration of New Hampshire. Estimated share shown here is based on the 1999 equalized assessed valuation.

**Revenue Bond Coverage
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Gross Revenue</u>	<u>Expenses (1)</u>	<u>Net Revenue Available for 1992 Debt Service</u>
1990	\$ 4,856,088	\$ 5,038,259	N/A
1991	4,866,305	3,746,791	N/A
1992	5,141,217	3,537,079	N/A
1994 (2)	9,143,656	7,276,891	\$ 1,866,765
1995	8,898,791	5,710,017	3,188,774
1996	9,327,954	5,989,549	3,338,405
1997	10,464,648	6,335,497	4,129,151
1998	11,586,104	6,459,977	5,126,127
1999	21,831,476	12,307,751	9,523,725
2000	25,347,377	13,336,522	12,010,855

Notes

- (1) Exclusive of depreciation and bond interest.
- (2) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.
- (3) Principal, interest, and O&M reserve required at year end to fund three months of operations and maintenance expense.

REQUIREMENTS		Net Revenue Available for 1998/2000 Debt Service	REQUIREMENTS	
1992 Debt Service Total (3)	Coverage		1998 and 2000 Debt Service Total (3)	Coverage
0	N/A			
0	N/A			
0	N/A			
\$ 1,396,743	1.34			
4,015,111	0.79			
3,993,449	0.84			
3,329,084	1.24			
3,308,280	1.55			
3,306,450	2.88			
3,331,255	3.61	\$ 8,679,600	\$ 4,266,791	2.03

**Ratio of Bonded Debt Expenditures
to Local Revenues (1)
Last Ten Fiscal Years**

**City of Manchester, New Hampshire
Table XII**

Fiscal Year	Local Revenues	Bonded Debt Expenditures	Ratio of Bonded Debt Expenditures To Local Revenues
1990	\$ 115,146,768	\$ 9,118,033	7.92%
1991	114,229,371	8,721,391	7.63%
1992	116,651,434	9,893,001	8.48%
1994 (2)	138,527,744	17,505,727	12.64%
1995	121,695,317	15,501,374	12.74%
1996	128,162,993	15,290,065	11.93%
1997	134,776,108	16,872,450	12.52%
1998	138,476,400	16,164,151	11.67%
1999	149,831,039	19,733,680	13.17%
2000	89,221,685	13,522,285	
2000 (3)	42,251,990	8,477,713	
2000	<u>131,473,675</u>	<u>21,999,998</u>	16.73%

Notes

- (1) Includes the General Fund only.
- (2) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.
- (3) MSD is included as a governmental discrete component unit in fiscal 2000.

Fiscal Year	Population (1)	NH Per Capita Income (2)	School Enrollment (3)	Manchester Unemployment Rate (4)
1990	99,332	\$ 25,259	13,754	5.60%
1991	98,722	25,698	14,367	7.20%
1992	99,490	24,988	14,597	7.50%
1994	101,039	23,704	15,032	6.60%
1995	100,668	25,400	15,355	4.60%
1996	101,900	26,526	16,587	4.00%
1997	102,675	26,615	16,791	2.90%
1998	103,330	27,806	17,104	2.70%
1999	105,221	29,303	16,467	2.40%
2000	106,180	31,114	16,693	2.50%

Source

- (1) State of New Hampshire, Planning Department
- (2) U.S. Department of Commerce, Bureau of Economic Analysis, estimated based on most recent data available.
- (3) School Department
- (4) State of New Hampshire, Economic and Labor Market Information Bureau

<u>Fiscal Year</u>	<u>New Commercial Construction Value</u>	<u>New Residential Construction Value</u>	<u>Total Construction Value (1)</u>	<u>Bank Deposits (2)</u>	<u>Airport Tonnage (3)</u>
1990	\$ 7,014,000	\$ 23,757,976	\$ 30,771,976	\$ 4,313,205	22,953
1991	33,112,010	9,736,776	42,848,786	4,042,659	25,934
1992	3,000,860	12,536,610	15,537,470	2,221,554	25,934
1994 (4)	7,628,500	12,482,470	20,110,970	8,415,277	68,889
1995	7,904,712	30,400,084	38,304,796	(5)	51,774
1996	32,708,609	31,213,466	63,922,075	(5)	59,736
1997	57,985,836	35,906,571	93,892,407	(5)	57,350
1998	51,086,703	26,496,083	77,582,786	(5)	65,513
1999	22,034,115	16,466,026	38,500,141	(5)	72,135
2000	21,514,398	20,446,608	41,961,006	(5)	83,227

Notes

(1) City of Manchester, Building Department

(2) Source: Sheshunoff Reports and State Banking Commissioner
1986 through 1993 are Manchester deposits only. 1994 represents state-wide amounts. Individual municipal breakdowns are not available at this time.

(3) City of Manchester, Airport Authority.

(4) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.

(5) Unavailable

<u>Name of Business</u>	<u>Type of Business</u>	<u>Real Property Assessed Value</u>	<u>% of Total Assessed Value</u>
Public Service Company of New Hampshire	Utility	\$ 84,000,000	2.21%
Manchester Mall Realty Trust	Retail Mall	68,500,000	1.80%
Energy North Natural Gas, Inc.	Utility	34,418,500	0.91%
IPC Office Properties, LLC	Corporate Complex	21,253,600	0.56%
New England Mutual Life Insurance Company	Insurance	16,000,000	0.42%
Cotter Company	Warehouse/Distributor	14,485,000	0.38%
NH Vermont Health Services Blue Cross / Blue Shield	Medical Insurance	13,412,400	0.35%
May Center Associates Corp	Retail Store	13,063,700	0.34%
The Hitchcock Clinic	Healthcare Facility	12,854,200	0.34%
East Side Realty Trust	Retail Complex	12,000,000	0.32%
		<u>\$ 289,987,400</u>	<u>7.64%</u>

Source _____

City of Manchester, Board of Assessor

**Governmental Expenditures Per Capita (1)
Last Ten Fiscal Years**

Fiscal Year	Population	General Government	Public Safety	Health and Sanitation	Highway and Streets
1990	99,332	\$ 164	\$ 213	\$ 19	\$ 106
1991	98,722	182	225	17	104
1992	99,490	136	233	24	116
1994 (3)	101,039	156	233	24	136
1995	100,668	129	238	24	132
1996	101,900	138	244	23	142
1997	102,675	116	245	24	157
1998	103,330	111	262	25	160
1999	105,221	143	273	19	166
2000	106,180	167	280	22	174

Notes

(1) Includes the General Fund only.

(2) Beginning in 1991 the City accounted for the County Tax through an Agency Fund.

(3) Fiscal 1994 represents an 18 month operating budget to cover the City's fiscal year conversion period.

City of Manchester, New Hampshire
Table XVI

Welfare	Education	Parks and Recreation	(2) County Tax	Debt Service	MSD	Total
\$ 16	\$ 554	\$ 26	\$ 74	\$ 92		\$1,264
15	586	25	0	88		1,242
13	609	26	0	99		1,256
12	626	25	0	116		1,328
11	646	11	0	154		1,345
11	696	11	0	150		1,415
10	679	11	0	164		1,406
15	759	11	0	156		1,499
9	760	23	0	188		1,581
11	29	26	0	207	\$1,095	2,011

Date of Incorporation	June 1846
Form of Government	Mayoral
Number of employees:	
City	1,264
School	1,618
Area in square miles	33.906
Number of registered voters	47,706
Total population	106,180
Total number of properties	30,877
Total taxable properties	29,639
Total tax-exempt properties	1,238
Manchester, New Hampshire facilities and services:	
Miles of streets	390
Number of street lights	8,675
Culture and recreation:	
Golf course	1
Ski area	1
Parks	73
Park acreage	1,224
Athletic fields, basketball and tennis courts	144
Indoor ice arenas	2
Fire Department:	
Number of stations	9
Number of fire personnel and officers	246
Number of fire/hazardous condition calls	4,736
Number of emergency medical service calls	7,992
Police Protection:	
Number of stations	7
Number of police personnel and officers	282
Number of motorized patrol units	30
Number of bike patrol units	6
Number of mounted patrol units	2
Total number of arrests	4,995
Total number of calls for service	91,237
Sewerage System:	
Miles of sanitary sewers	330
Sewage pumping stations	13
Number of service connections	22,683
Water System:	
Miles of water mains	466
Number of service connections	29,184
Number of fire hydrants	3,124
Daily average consumption in gallons	17,183,000
Education:	
Number of elementary schools	15
Number of secondary schools	7
Number of full time equivalent instructors K-12	1,120
Airport:	
Number of employees	55
Number of enplanements (calendar 1998)	1,412,880
Number of carriers	7